Brahim's Holdings Berhad

198201002985 (82731-A) (Incorporated in Malaysia)

We Deliver Halal Cuisine of the World

Annual Report

2019

01 CONTENTS

02 CHAIRMAN'S MESSAGE
04 FINANCIAL HIGHLIGHTS 2019
05 STOCK INFORMATION
06 FINANCIAL & INVESTOR CALENDAR 2019
07 BOARD OF DIRECTORS & CORPORATE INFORMATION
08 BOARD OF DIRECTORS' PROFILE
12 KEY SENIOR MANAGEMENT PROFILE
13 CORPORATE STRUCTURE
14 MANAGEMENT DISCUSSION & ANALYSIS
20 CORPORATE SUSTAINABILITY STATEMENT
23 CODE OF ETHICS
24 BOARD CHARTER
26 CORPORATE GOVERNANCE OVERVIEW STATEMENT
32 STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
34 AUDIT COMMITTEE REPORT
37 FINANCIAL STATEMENTS
144 LIST OF PROPERTIES
145 ANALYSIS OF SHAREHOLDINGS
147 NOTICE OF ANNUAL GENERAL MEETING
149 ADMINISTRATIVE GUIDE

FORM OF PROXY

VISION STATEMENT

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

MISSION STATEMENT

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

02

CHAIRMAN'S MESSAGE

Dato' Seri Ibrahim bin Haji Ahmad,
Executive Chairman

Dear Fellow Shareholders,

The Only Constant in Our Life Is Actually Change.

A WORD OF WELCOME

Salam sejahtera. On behalf of the Board of Brahim's Holdings Berhad (BHB), I am pleased to present to you my TWELVETH Annual Message in the 38th Annual General Meeting.

2019 was a year of continuous rebuilding, realigning and restrategising. Your Group has continued to employ measures to manage and strengthen our performance and financials by actively identifying potential opportunities to be injected into the Group, managing cost of operations and monetising of identified assets of your Group to further align its regularisation plan.

While primarily we are looking at organic growth for the Group's business segments, we are also open to other innovative opportunities. I have great confidence in our Group's ability to adopting the right strategy and capturing new opportunities to take the Group forward.

GEARING TO EXIT PN17 STATUS

Your Group has been exploring new opportunities and holding strategic discussions with its partners to review its capital and business structure to gear itself to exit the Practice Note 17 (PN17) status.

In the course of seeking a 'good-fit' suitor, it is encouraging to see the good working relationship between our Board of Directors, the Management and appointed advisors in actively pursuing the formalisation and implementation of the regularisation plan which has resulted in positive outcomes.

Success is not an overnight phenomenon. It requires hard work, dedication, perseverance and time. Your Group's past performance, current accomplishment and future prospect are detailed in the Management Discussion and Analysis section.

CERTAINTY OF CHANGE

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

Moving forward, your Group's focus and concentration is towards realigning and building up the airline catering segment as our core competency and at the same time look at opportunities in non-airline catering sectors for a greater utilisation of our food production capability.

Malaysia Airline Berhad (MAB) continue to be your Group's biggest customer and strategic partner in Brahim's SATS Food Services Sdn Bhd (BSFS) and we hope to bring the level of cooperation to greater heights for a win-win arrangement where MAS will get quality meals that can help regain it's 4-star status while BSFS makes a decent profit, which benefits both parties as shareholders.

To ensure future growth, the Group is continuously looking into expanding into non-airlines catering businesses, primarily using its existing capacity to serve other customers and clientele.

I personally believe that *the only constant is actually change*. Change to grow, change to improve, and change to be better. It is inevitable to expect more changes to your Group businesses moving forward.

COMMITTED TO SUSTAINABILITY

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

In the pursuit of staying relevant, I am fully committed to sustainable development, a core element of your Group's corporate strategy. In 2019, your Group has continued to build and strengthen our sustainability platform across all of our business operations.

The recent outbreak of the Coronavirus pandemic has deeply affected countries and travel, globally. With lockdowns and stay home enforced by governments – locally, regionally and internationally – we all have a role to play in caring for ourselves, our families, and our communities during this trying period.

Adversity allows us the opportunity to find out what we are capable of, to develop our strengths, and to access our existing resources to its fullest. Your Group has weathered challenging times before but in the wake of the unprecedented impact and additional challenges arising from the outbreak, we have had to make even changes and some tough decisions. Unfortunately, these have had an impact on our partners, customers – and our business. Nevertheless, there are experiences and lessons to be learned from this that will hold us well in reinventing ourselves and creating prospects in the better times to come, *insyaAllah*.

The Group's Corporate Social and Sustainability activities is presented as part of this annual report.

NOW – AND BEYOND

"The only limits are, as always, those of vision."

The halal business is growing fast and the halal food industry is burgeoning. According to the "Global Halal Food & Beverage Market 2019-2027" report published in January, 2020, the Asia-Pacific halal food & beverage market is expected to grow with a CAGR of 6.00% for the forecast period of 2019-2027.

Halal is one of the most promising and potentially high value industry.

The rapid growth in the Muslim population and awareness regarding halal food among the non-Muslim population are the major market drivers. The rise in halal food ranking and a substantial increase in events and press coverage related to halal food too have been contributing to awareness about halal food.

The halal food & beverage market in the region is shaped by China, India, Japan, South Korea, Indonesia, Malaysia, ASEAN countries, Australia, New Zealand, and rest of Asia-Pacific. Countries from the Asia-Pacific region offer lucrative opportunities to make rapid progress in the halal food & beverage market.

Malaysia is known to be an emerging global hub for halal products. The country has a single and strict regulatory standard for all halal food & beverages. According to the United Nations (UN), by implementing this rule, Malaysia has become the best example for benchmarking halal food & beverages. The vigorous efforts, strategies, and measures of the Malaysian government to promote and upgrade the halal food & beverage market are anticipated to drive the halal food & beverage market. In past decade, your Group is one of the major player in this sector.

We are in the RIGHT business.

It has become even more evident, your Group's strength indeed lies in the capacity of halal food supply and halal in-flight kitchen catering capabilities and in its firm-specific advantages i.e. its 'Halal Excellence' and technical know-how and expertise. Indeed we are continuing our Halal Audit for some foreign flight kitchens that require the certification.

It is important that we get your Group back to "investment grade" and paying dividends. We are a business of scale and complexity and we have a solid foundation. With resources, we can do a lot more. It will be our relentless focus and efforts to meeting customers' needs that will help us to achieve our goals for the long-term success of the Group and for the benefit of all our stakeholders.

APPRECIATION

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

My appreciation to my fellow Board members for their unstinting contributions and astute counsel during the year. Rest assured the balance of skill and breadth of experience is reflected in its Board of Directors. Their commitment to the best practice, code of ethics and good corporate governance has played an integral and pivotal role in managing the Group's business risks and opportunities.

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

And finally, to our esteemed shareholders, our sincere thank you for your staunch support and continued confidence in us. We continue to value and build on the trust, continued understanding and long-term interests in the Group.

I look forward to seeing you at our 38th Annual General Meeting.

Dato' Seri Ibrahim bin Haji Ahmad
Executive Chairman

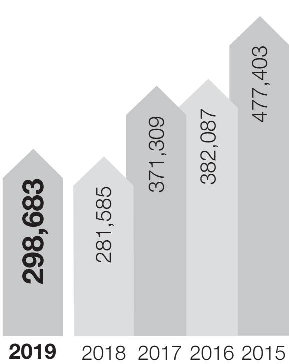
30 June 2020

04 FINANCIAL HIGHLIGHTS 2019

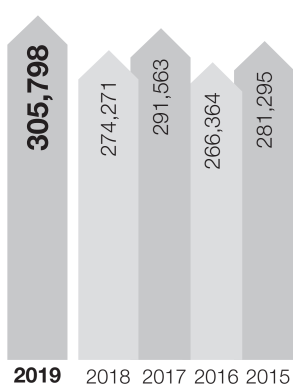
SUMMARY OF FINANCIAL STATEMENTS

	2015	2016	2017	2018	2019
Statements of Comprehensive Income (RM'000)					
Revenue	281,295	266,364	291,563	274,271	**305,798**
(Loss)/Profit before tax	(14,021)	(120,820)	678	(121,145)	**(7,907)**
Loss after tax	(15,418)	(122,422)	(2,168)	(115,993)	**(13,500)**
Loss attributable to equity holders of the Company	(15,680)	(74,957)	(6,937)	(61,581)	**(15,353)**
LPS (sen)	(6.64)	(31.72)	(2.94)	(26.06)	**(6.50)**
Statements of Financial Position (RM'000)					
Issued and paid-up capital	236,286	236,286	268,266	268,266	**268,266**
Total equity	257,944	245,522	243,354	124,715	**111,215**
Total assets	477,403	382,087	371,309	281,585	**298,683**

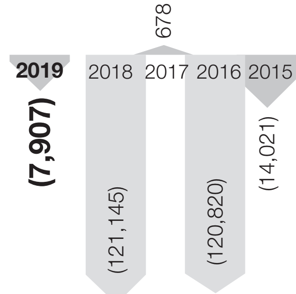
TOTAL ASSETS
(RM'000)



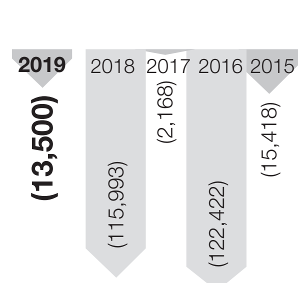
REVENUE
(RM'000)



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

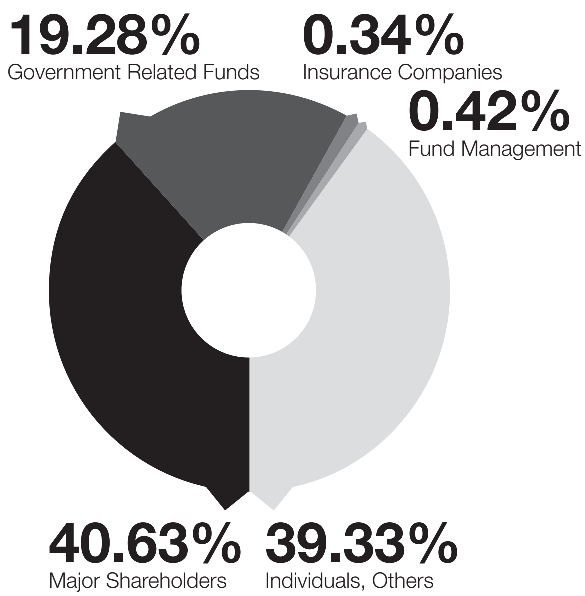


NET LOSS AFTER TAX
(RM'000)



05 STOCK INFORMATION

As at 24 June 2020



STOCK SUMMARY

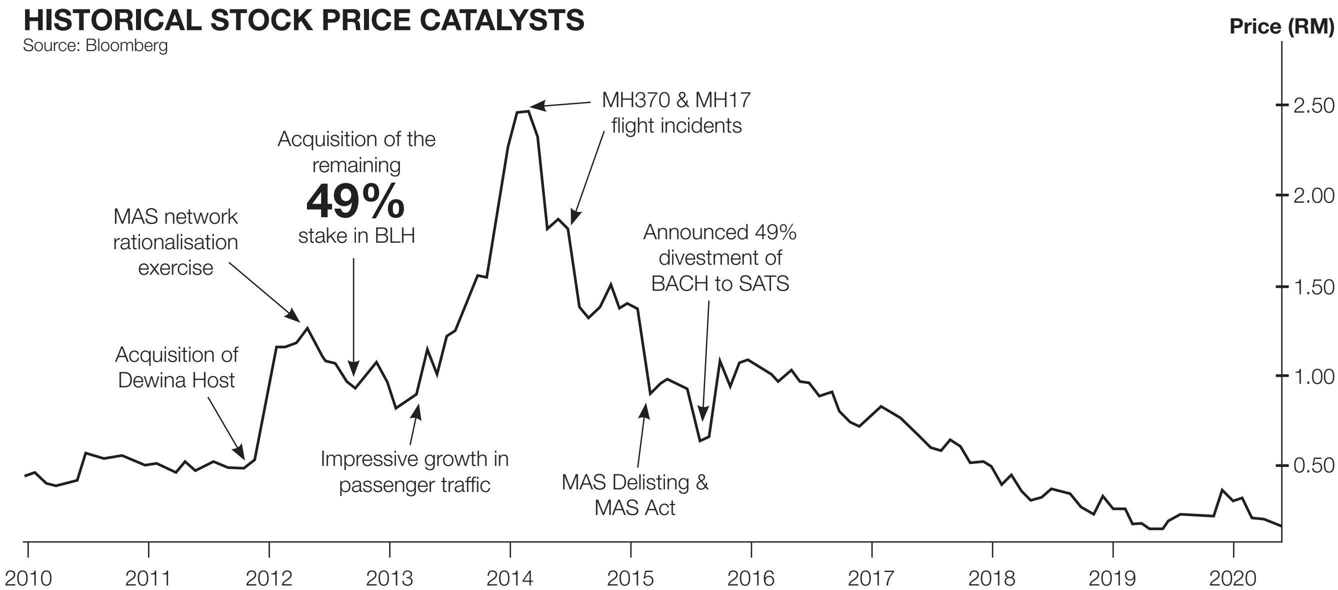
Stock Name	: BRAHIMS
Stock Code	: 9474
Issued Share Capital	: 236,285,500 ordinary shares
Number of shareholders	: 4,012

BREAKDOWN OF SHARES BY TYPE OF SHAREHOLDERS

No.	Type of Shareholders	No. of Shares	%
1	Major Shareholders	96,005,000	40.63
2	Government Related Funds	45,553,450	19.28
3	Insurance Companies	800,000	0.34
4	Funds Management	1,000,000	0.42
5	Individuals, Others	92,927,050	39.33
	TOTAL	**236,285,500**	**100**

HISTORICAL STOCK PRICE CATALYSTS

Source: Bloomberg



06 FINANCIAL & INVESTOR CALENDAR 2019

02

21 February
AC Meeting of BHB

26 February
BOD Meeting of BHB

28 February
Announcement of Q4 2018 Results

28 February
First announcement pursuant to Practice Note 17 (PN17) of the main market listing requirements of Bursa Malaysia Securities Berhad

03

1 March
New admission into PN17

13 March
Special BOD Meeting of BHB

04

4 April
BOD & AC Meeting of BHB

15 April
Announced 2018 BHB Audited Financial results and 2018 Annual Report

15 April
Circular to shareholders in relation to proposed adoption of the new constitution of the company

05

4 May
37th AGM

4 May
Change in Boardroom – retirement of director

23 May
BOD & AC Meeting of BHB

31 May
Announcement of Q1 2019 Results

06

29 June
Brahim's Dewina Group of Companies Hari Raya Aidil Fitri Celebration

08

29 August
BOD & AC Meeting of BHB

30 August
Announcement of Q2 2019 Results

11

28 November
BOD & AC Meeting of BHB

29 November
Proposed disposal of Dewina Host Sdn Bhd

29 November
Announcement of Q3 2019 Results

12

12 December
Change of auditor

16 December
Press Release: Change of Auditors

20 December
Signing of Heads of Agreement ("HOA") with MRI VC Berhad

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

Tan Sri Datuk Panglima Sulong bin Matjeraie
Independent Non-Executive Director
(Resigned on 04 May 2019)

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

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

Professor Dr Jinap binti Salamet

REMUNERATION COMMITTEE

Dato' Choo Kah Hoe
Chairman

Kamil bin Dato' Haji Abdul Rahman

Professor Dr Jinap binti Salamet

COMPANY SECRETARIES

Tan Kok Siong
(SSM PC No. 202008001592)
(LS0009932)
Teo Mee Hui
(SSM PC No. 202008001081)
(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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur
Tel: 03-2297 1000
Fax: 03-2282 9980

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
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7890 4700
Fax: 03-7890 4670

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/73

Gender Male

Date of Appointment 15 May 2008

Length of Service (as at 28 February 2020) 11 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 Econmic 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

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.
- 3 April 2019 – Panelist , "1st Global Halal Industries Congress Global Halal Summit 2019" at MITEC, Kuala Lumpur

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

Nationality/Age Malaysian/77

Gender Male

Date of Appointment 15 May 2008

Length of Service (as at 28 February 2020) 11 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

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)
- Lecturer and Council member/Director of University of Technology MARA
- 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

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.
- 3 October 2019 – Attended "Dialogue on Indonesia's Political Economy Outlook in Asean" by Asean Business Club at Bank Muamalat Malaysia Berhad, Kuala Lumpur.

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

Nationality/Age Malaysian/66

Gender Male

Date of Appointment 9 July 2008

Length of Service (as at 28 February 2020) 11 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)

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.
- 21 March 2019 – 1st CAMCO Talk at Asian Banking School, KL, Malaysia.
- 30 October 2019 – An Awareness Session with Labuan IBFC Reporting Institutions on Targeted Financial Sanctions on Terrorism Financing at Labuan International School, Labuan, Malaysia.
- 5 November 2019 - 6 November 2019 – 11th International Conference on Financial Crime and Terrorism Financing (IFCTF) 2019 at Shangri-La Hotel, KL, Malaysia
- 21 November 2019 – Industry Awareness Workshop on Targeted Financial Sanctions of Proliferation Financing by MITI with Labuan Financial Institutions

PROFESSOR DR. JINAP BINTI SALAMET
Independent Non-Executive Director

Nationality/Age Malaysian/66

Gender Female

Date of Appointment 26 June 2014

Length of Service (as at 28 February 2020) 5 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, 2017-2020
- Head of Laboratory of Food Safety and Food Integrity, Institut of Tropical Agriculture and Food Safety, UPM, 2017 – present

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, 2017–2021
- 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 Pengarah/Timbalan Pengarah Di bawah TNCPI, UPM, 2018–2020
- Panel, Jawatankuasa Penilaian Permohonan Geran Penyelidikan peringkat Universiti Tahun 2018–2019
- Jawantankuasa Kecil CODEX Kebangsaan Food Additives (JKCK FA), 2019
- Ahli Tetap Kerja Pakar Aditif Makanan (JKKPAM), KKM, 2019
- Panel Pemantau Projek Penyelidikan MARDI, Dec 2019
- Ahli Jawatankuasa Dana Penyelidikan Kementerian Pendidikan Malaysia (DPKPM, 2019
- Jawatankuasa Endowmen, Mar 2019–Dec 2020
- Chairman , IFRC conference 2019
- Panel temuduga Saringan Tenaga Akademik Muda (ATM), 2019
- Panel, Jawatankuasa Penilaian Permohonan Geran Penyeldikan peringkat Universiti Tahun 2018–2019
- Ahli Jawatankuasa Pengajian UPM, 2019 – 31 Mar 2020
- Jawatankuasa Standardisasi Kebangsaan dan Antarabangsa, Jabatan Standard Malaysia, 2019–2020
- Ahli Panel Anugerah Saintis Muda Negara dan Anugerah Juruteknologi Negara, kementerian Tenaga,Sains, teknologi, Alam Sekitar dan Perubahan Iklim, 2019–2020
- Ahli Taskforce Transformasi Governan UPM, 2019–2020
- Timbalan Pengerusi International Conference on Food Safety 2020 (ICOFFS 2020), 2019 – present
- Chairperson, Advisory Committee on Honey Malaysian Standard. Ministry of International Trade and Industry (MITI).
- Evaluation Panel of Research Proposal for Long Term Grant Scheme and Transactional Grant Scheme, Ministry of Higher Education (MOHE)

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)
- Board member of Food Analyst Malaysia, Ministry of Health, Malaysia

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.
- 26–28 February 2019 – Attended Regional Corn Conference 2019, Penang.
- 18–22 March 2019 – Health Risk Assessment: Principles and Applications, Karolinska Institute, Sweden
- 14–15 August 2019 – UPM-Kasetsart University Colloquium and Research Forum, UPM
- 27–29 August 2019 – 2nd International Food Research Conference, Putrajaya
- 23–26 September 2019 – International Conference on Molecular Diagnostics and Discovery, Penang
- 15–18 October 2019 – 16th ASEAN Food Conference and SELAMAT Global Food Safety Network Annual Meeting, Bali, Indonesia
- 8–11 November 2019 – Conference on Sustainable Animal Agriculture for Developing Countries (SAADC 2019), Pokhara, Nepal
- 5–7, 12–14, 18–21 December 2019 – Halal Executive Program Course (JAKIM accredited), organised by Halal Development Corporation (HDC)

KAMIL BIN DATO' HAJI ABDUL RAHMAN

Independent Non-Executive Director

Nationality/Age Malaysian/71

Gender Male

Date of Appointment 25 February 2016

Length of Service (as at 28 February 2020) 4 years

Award
- Setia DiRaja Kedah

Academic / Professional Qualification
- 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 Directorships
- Independent Non-Executive Chairman and Member of the Audit Committee, Khind Holdings Berhad
- Independent Non-Executive Director and Member of the Audit Committee, Jiankun International Berhad

Past Directorships & Appointments
- Executive Director, Commerce International Merchant Bankers Berhad
- Senior Vice President, Bank of Commerce (M) Berhad
- Independent Non-Executive Director, Global Carriers Berhad
- Independent Non-Executive Director, Magna Prima Berhad
- Independent Non-Executive Director, PJ Bumi Berhad
- Independent Non-Executive Director, Malaysian Merchant Marine Berhad
- Independent Non-Executive Director, Bukit Katil Resources Berhad
- Independent Non-Executive Director, Putera Capital Berhad
- Independent Non-Executive Director, Hotline Furniture Berhad
- Independent Non-Executive Director, Pancaran Ikrab Berhad
- Independent Non-Executive Director, Wintoni Group Berhad
- Independent Non-Executive Director, Ire-Tex Corporation Berhad

Directors' Continuing Education
- 20 June 2019 – Attended Advanced Financial Analysis for Effective Business Management conducted by Malaysia Institute of Accountants
- 24 June 2019 – Attended Macroeconomic Forces in the Financial Market conducted by Malaysian Institute of Accountants
- 26 June 2019 – Attended Building Corporate Longevity Seminar conducted by Bursa Malaysia
- 2-3 July 2019 – Attended MAICSA Annual Governance Conference conducted by Malaysian Institute of Chartered Secretaries and Administrators
- 15 August 2019 – Attended The Road to Business Excellence conducted by Bursa Malaysia
- 22-23 October 2019 – Attended MIA International Conference conducted by Malaysia Institute of Accountants
- 5 November 2019 – Attended Cross-Border Mergers and Acquisition conducted by Azmi Associates Law Academy
- 8 November 2019 – Attended Conversation with Audit Oversight Board Seminar conducted by Securities Commission.

AHMAD FAHIMI BIN IBRAHIM

Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad

Nationality/Age Malaysian/36

Gender Male

Date of Appointment 1 February 2014

Length of Service (as at 28 February 2020) 6 years 1 month

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

12

KEY SENIOR MANAGEMENT PROFILE

MOHD FADHLI BIN ABDUL RAHMAN
Chief Financial Officer

Nationality/Age Malaysian/37

Gender Male

Date of Appointment 8 November 2017

Length of Service (as at 28 February 2020) 2 years 3 months

He also appointed as acting Chief Executive Officer to oversee the whole operation of the Group. He is a member of Association of Chartered Certified Accountant (ACCA) (U.K.) and member of Malaysia Institute of Accountant (MIA).

Prior to this appointment, he served as a Vice President of Finance and Administration at Unggul Idaman Berhad and Senior Accountant at GCH Retail (M) Sdn. Bhd. He brings 16 years of experience and a proven track record of success in the Finance and Accountancy area, which will be invaluable in meeting the Group goals and objectives.

With in-depth knowledge in corporate finance and operational accounting and 8 solid years of experience in top management position, being expose to all kind of background including manufacturing, construction, retail, FMCG and trading, which believe to bring some advantage to the Group.

He does not hold any directorship in other public companies and listed issuers in Malaysia. He has no family relationship with any Directors and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. Also, he has no conflict of interest with the Company.

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.

Material Contracts
There were no material contracts entered into by the Company and/or its subsidiary companies which involve directors' and major shareholders' interests for the financial year ended 31 December 2019.

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 2019.

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.

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 2019 are as follows:

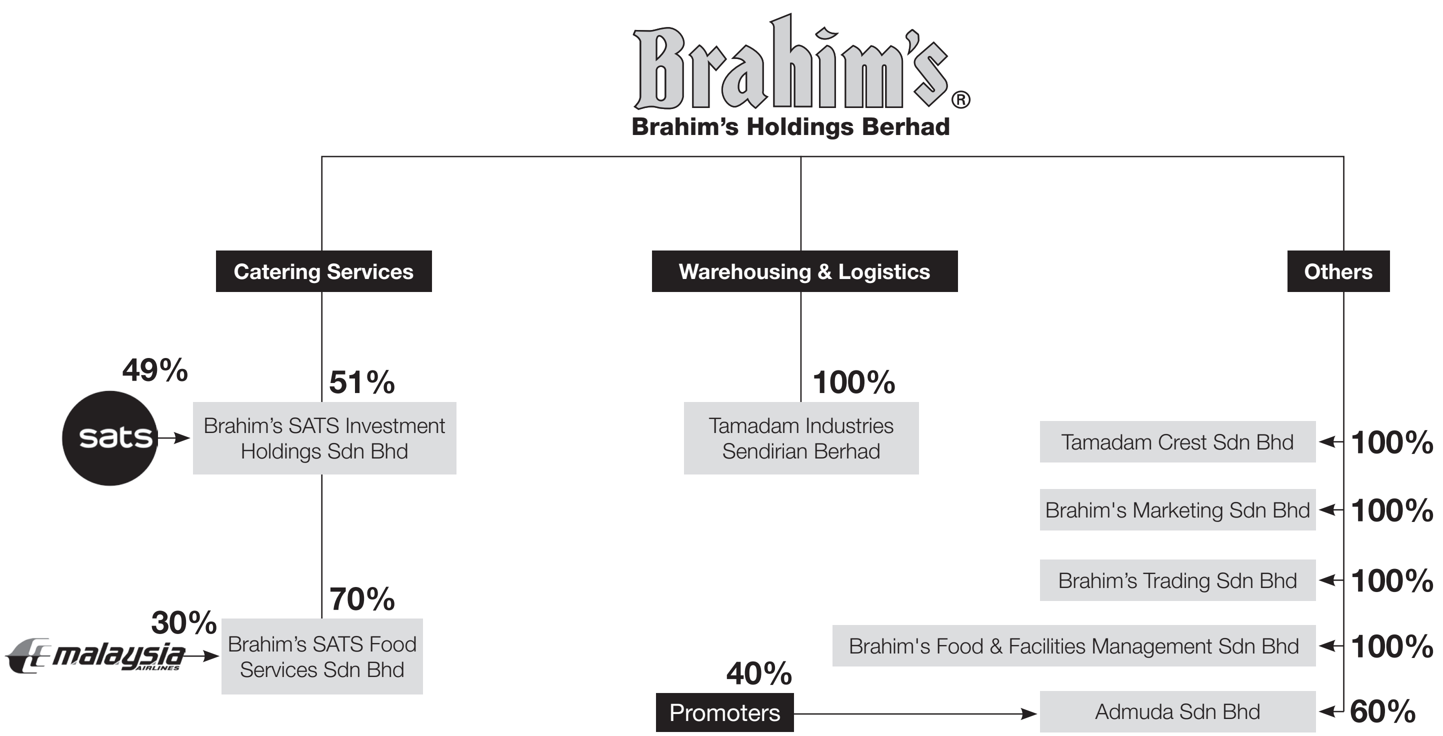
Details of Audit Fees	Group (RM'000)	Company (RM'000)
Statutory Audit Fees	335	125
Non-Audit Fees	25	25
TOTAL	360	150

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

13

CORPORATE STRUCTURE

Brahim's is acknowledged as a global and **Malaysia's leading HALAL inflight catering** company and major operator of restaurants and cafes in KLIA and KLIA2. Brahim's serves **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 ("BHB")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").

With new Group strategy and realignment of focus, BHB in November 2019 has divested and liquidated the controlling stake of 51% equity interest in Dewina HOST Sdn Bhd ("DHSB"). DHSB is one of a major restaurants and cafes operator in Kuala Lumpur International Airport ("KLIA") and Kuala Lumpur International Airport 2 ("KLIA2"). With this disposal, the group now has shifted the centric to airline catering business whilst retaining the group original logistics business known as Tamadam Industries Sdn Bhd ("TISB").

The Group is currently formulating and strategizing the scheme in order for BHB to regularize from its PN17 status. The Company was 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"

The Group is in its transformation programme and will continue to seek out opportunities driven by the core competencies and strength in food services and food related business to broaden and deepen the Group's earning base.

EXECUTIVE OVERVIEW

	(RM'000)		%
	2019	2018	Change
Selected Items from Statement of Comprehensive Income			
Revenue	305,798	274,271	11.5
Direct operating expenses	(208,626)	(191,046)	9.2
Gross profit	97,172	83,225	16.8
Other income	5,569	933	496.9
Less: Distribution expenses	-	-	-
Administrative expenses	(80,591)	(86,751)	(7.1)
Other operating expenses	(22,570)	(114,076)	(80.2)
Finance costs	(8,390)	(5,912)	41.9
Share of results in joint venture	903	1,436	(37.1)
Profit/(loss) before tax	(7,907)	(121,145)	(93.5)
Zakat	(181)	-	100.0
Income tax expense	(5,412)	5,152	(205.0)
Net loss after tax	(13,500)	(115,993)	(88.4)
Comprehensive (loss)/income			
- attributable to Owners of the Company	(15,353)	(61,581)	(75.1)
- to non-controlling interest	1,853	(54,412)	103.4
Selected Items from Statement of Financial Position			
Property, plant & equipment	66,982	54,525	22.8
Goodwill on consolidation	102,354	102,354	-
Trade and other receivables	63,950	51,661	23.8
Deposits with licensed financial institutions & cash/bank balances	44,725	19,799	125.9
Total assets	298,683	281,585	6.1
Total liabilities	187,468	156,870	19.5
Equity attributable to owners of the Company	20,385	35,738	(42.9)

In this discussion and analysis, management would like to bring the attention towards the current performance of the Group. Management would also like to put more emphasis on 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 FY2019, the results of the Group were improved significantly as compared to FY2018. This was due to some strategies which have been put in place has gradually come into realization. The Group registered a consolidated turnover of RM305.80 million.

The Group believe and continue to pursue the current businesses with some enhanced strategies and process improvement at the operational level. The effort by the management has been emphasize on the productivity as well as internal control on process and procedures. These efforts are anticipated to reduce the Group's operating cost as well as direct costs.

The Group recorded a net loss per share of 6.5 sen for the year ended December 2019, compared with a net loss per share of 26.06 sen for the year ended December 2018. This favorable and improved result was due to FY2018 spike in the impairment of the goodwill. Nonetheless, the Group are also facing difficult business condition such as reduction in air passenger traffic volume and higher operating costs.

Return on Shareholders' Equity (ROE) was 0.75 for 2019 as compared to 1.72 for 2018. Share price increase by approximately 11% to RM0.31 as compared to the 2018 closing at RM0.28.

Key Financial Ratios	2019	2018	% Change
Liquidity			
Working capital (RM'000)	(62,680)	(56,612)	10.72
Quick ratio	0.61	0.56	8.93
Current ratio	0.66	0.61	8.20
Net sales per working capital	(4.90)	(4.80)	2.08
Leverage/Gearing			
Debt-to-equity ratio	(4.71)	(2.11)	(123.22)
Coverage			
EBITDA	29,069	(108,349)	126.83
EBITDA/Int Exp + CPLTD	0.34	(1.40)	124.29
Profitability			
Return on sales (%)	(4.40)	(42.30)	(89.60)
Return on assets (%)	(4.50)	(41.20)	(89.08)
Return on equity (%)	75.30	172.30	(56.30)
Gross profits margin (%)	31.80	30.30	4.95
Operating expenses (%)	(100.70)	(142.80)	(29.48)
Operating profit margin (%)	(0.40)	(42.60)	(99.06)
Profit after tax margin (%)	(4.40)	(42.30)	(89.60)
Dividend payout rate (%)	-	-	-
Activity ratio			
Interest coverage ratio	(0.15)	(19.76)	(99.24)
Receivables turnover ration (days)	68	62	9.68
Payables turnover ration (days)	(63)	(62)	1.61
Asset turnover (net sales/total assets)	1.02	0.97	5.15
Profit or (loss) before tax/total assets (%)	(2.60)	(43.00)	(93.95)
Growth (%)			
Total assets growth	6.10	(24.20)	(125.21)
Total liabilities growth	19.50	22.60	(13.72)
Net worth growth	(10.80)	(48.80)	(77.87)
Operating profit growth	(98.90)	(1733.70)	(94.30)
Net profit after tax growth	(88.40)	5250.20	(101.68)
Sustainable growth	75.30	172.30	(56.30)
Other Financial Indicators			
NA per share (RM)	0.41	0.46	(10.87)
EPS (sen)	(6.50)	(26.06)	(75.06)
Share price at year end (RM)	0.31	0.28	10.71

BUSINESS OPERATIONS REVIEW

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

In 2019, BSFS continue to 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 220 aircraft per day and prepares an average of 45,000 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 sampling and 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 about 1,350 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 Turkmenistan Airlines ("T5") in the beginning of 2020. BSFS is also actively participating in tenders and pursuing potential new customers which may contribute positively towards BSFS' profitability.

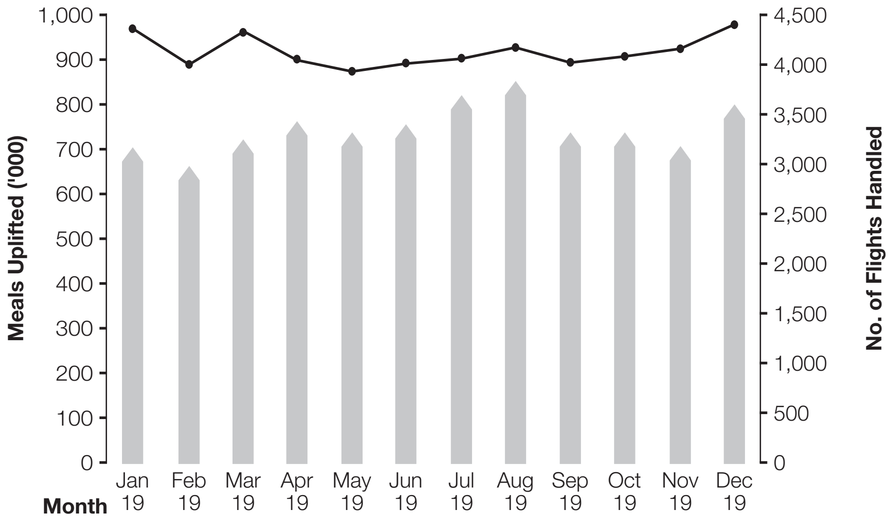
The Group's FY2019 operating statistics are tabulated in Table 4.

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.

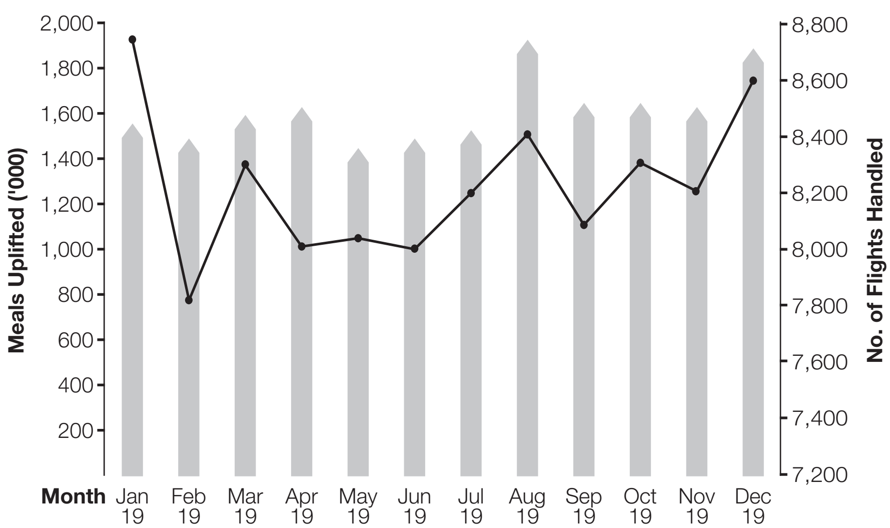
Tamadam is located on 15.134 acres of land with a build-up area of 218,357 square feet comprising a warehouse 205,000 square feet rack able storage area, 3-storey office (12,000 square feet) and a covered loading bay (34,400 square feet). The warehouse is gigantic with a height of 45 feet and 44 loading 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.

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



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
						2019						
Meals Uplifted ('000)	702	664	706	759	715	755	812	852	737	731	704	801
No. of flight handled	4,727	4,022	4,300	4,052	3,920	4,055	4,159	4,229	4,007	4,158	4,208	4,400

Table 2 – BSFS Total Activity Summary 2019



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
						2019						
Meals Uplifted ('000)	1,572	1,509	1,595	1,630	1,478	1,573	1,627	1,873	1,654	1,656	1,649	1,834
No. of flight handled	8,722	7,728	8,318	7,977	8,007	7,951	8,223	8,376	8,085	8,321	8,228	8,575

Table 3 – Historical Statistics

	2013	2014	2015	2016	2017	2018	2019
Meals uplifted (in Millions)							
Total meals	16.97	17.89	16.08	16.56	18.62	17.92	20.38
From MAB	11.48	12.08	10.66	9.96	9.42	8.61	10.7
From FOCA	5.49	5.81	5.3	5.59	8.05	8.35	8.9
From Non-Airline			0.12	1.01	1.16	0.96	0.78
Total Flights handled							
Total Flights	78,123	83,659	82,264	77,890	98,200	98,879	98,511
From MAB	55,967	60,028	57,780	51,027	49,424	46,520	48,274
From FOCA	22,156	23,631	24,484	26,863	48,776	52,359	50,237
Staff Strength							
Headcount	1,142	1,133	1,226	1,167	1,334	1,319	1,347

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

	2019	2018	2017
Statement of Comprehensive Income			
Revenue	305,798	274,271	291,563
COS	(208,626)	(191,046)	(159,467)
Gross Profit	97,172	83,225	132,096
Operating profits	(1,272)	(116,824)	7,151
(Loss)/Profit before taxation	(7,907)	(121,145)	678
Loss after taxation	(13,500)	(115,993)	(2,168)
Profit attributed to owners	(15,353)	(61,581)	(6,937)
Depreciation	(28,585)	(6,884)	(7,932)
Operating expenses	(99,431)	(200,688)	(126,323)
Finance cost	(8,390)	(5,912)	(6,969)
Statement of Financial Position			
Inventories	8,096	7,451	6,259
Current assets	119,643	89,849	98,028
Current liabilities	(182,323)	(146,461)	(59,232)
Total assets	298,683	281,585	371,309
Total liabilities	(187,468)	(156,870)	(127,955)
Share capital	(268,266)	(268,266)	(268,266)
Equity attributable to owners	20,385	35,738	(98,812)
Net worth / Total Equity	(111,215)	(124,715)	(243,354)
Receivables	63,950	51,661	61,925
Payables	(76,661)	(66,484)	(47,904)
Bank overdrafts	-	(587)	(976)
Current portion Term loan	(77,184)	(71,445)	(9,626)
Non-current portion Term loan	-	-	(67,750)
Current portion HP & Lease	(15,006)	(662)	(92)
Non-current portion HP & Lease	(3,792)	(2,749)	(356)
Trade receivables	57,216	46,158	50,883
Trade payables	(36,063)	(32,151)	(25,665)

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 maximizing value from investment in assets.

BUSINESS ENVIRONMENT

Malaysia's economy expanded by 4.3 per cent in 2019 as compared to 4.8 per cent in the preceding year.

The Services and Manufacturing sectors remained as the key driver of the supply side with a combination share of 79.9 per cent to the economy. Private Final Consumption Expenditure maintained a stronghold in demand side with a contribution of 58.7 per cent to GDP in 2019.

In 2019, the Malaysia's GDP in current prices amounted to RM1.51 trillion and for constant prices recorded RM1.42 trillion. Gross National Income per capita increased to RM45,131 from RM43,307 in 2018.

(Source - Extracts: Department of Statistics Malaysia, National Accounts, Malaysia's Economy 2019)

Climate Change Risks and Opportunities: Respond, Not React

Climate change poses real risks to the economy

Climate change poses significant and growing risks to our collective future. Rising sea-levels, floods and droughts have displaced people from their homes, disrupted commerce and threatened natural resources and the livelihoods of many. Malaysia too, is not spared from the physical and transition risks arising from climate change.

The growing intensity and frequency of climate-related events are increasing physical and liability risks to our economy. In the last two decades, we experienced more than 50 natural disasters, affecting more than three million people through displacements, injury and death. The increasing severity and frequency of major floods and dry spells have severely affected livelihoods – particularly those in the agriculture sector. Between 1998 and 2018, the Malaysian economy sustained a total damage of approximately RM8 billion.

The journey to a greener future also poses immediate transition risks to an array of jobs and industries. If not managed well, policy, technology and market changes can affect asset valuations and significantly increase business risks in industries such as the coal, oil and gas and energy industries. This in turn could lead to sudden and material losses in the investments held or loans extended by financial institutions in these industries, thus exposing them to risks of capital and balance sheet erosion.

Climate risks are also felt in the economy and financial system Climate change and its effects therefore matter to the economy and the financial system. Banks, insurance and takaful operators are exposed to liability risks, asset impairment, and rising claims (Diagram 1). With about 11.7% of their assets in sectors potentially exposed to climate change (Chart 2), it is important that Malaysian financial institutions treat climate risk like any other financial risk which has the potential to affect their profitability and balance sheets that in turn may affect the ability of financial institutions in raising funds. If not dealt with adequately, climate change can also pose a systemic risk. Collectively, these could lead to a contraction in important financial activities that support the economy.

Significant or persistent climate events can also directly affect overall growth. A recent example is the prolonged drought last year which led to supply disruptions in palm oil production and had a visible impact on the growth of the Malaysian economy particularly in the fourth quarter of 2019. A decline in the national and international supply of commodities or food products caused by weather-related events can also lead to inflationary pressures.

For these reasons, climate change has direct relevance to the Bank's mandate to preserve monetary and financial stability in several ways.

Responding to climate risks – and opportunities
As part of efforts to build climate resilience among financial institutions, we are taking steps to systematically identify and quantify climate risk exposures. In December 2019, we issued the Climate Change and Principle based Taxonomy Discussion Paper to solicit feedback on the classification of assets associated with fund raising, lending and investment activities in a consistent manner, based on their exposure to climate risk. This aims to address the absence of agreed common definitions and data nationally to enable the quantification of climate risk impacts on individual financial institutions and the broader financial system. The implementation of the taxonomy is key to support informed decisions and analysis of exposures in the financial system.

With better data and insights into climate-related risks, the taxonomy is also expected to increase financial flows to activities that will support the transition to a low-carbon and climate resilient economy. A number of banks currently already offer preferential rates or discounts for the financing of sustainable projects in areas such as green manufacturing and clean and renewable energy. Sustainability-linked financing is also available to assist transition of corporate borrowers to become more sustainable, where those that achieve their sustainability performance targets would benefit from favorable interest or profit rates in the form of rebates. The taxonomy will enable financial institutions to identify and expand similar opportunities, and to do so more confidently on a well-informed basis.

While we expect to see a system-wide response to tackle the climate challenge, we also recognize that Islamic financial institutions are well-positioned to provide leadership in this area. This is given Shariah underpinnings which call on Islamic financial institutions to adopt practices that generate a positive and sustainable impact to the economy, community and environment. In assessing the impact of their financing and investment decisions, the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) issued in 2019 provides broad guidance to Islamic financial institutions on the development of an impact-based risk management framework which extends traditional risk management approaches to capture environmental and social impact. The industry, with support of the Bank is now finalizing sectoral guidance documents on implementation of impact-based risk management that will focus on the efficient energy, renewable energy and palm oil sectors. To date, Islamic financial institutions are starting to offer products and solutions aligned with sustainable finance, such as preferential financing rates for hybrid vehicles and green-certified properties.

In parallel, we are directing efforts towards developing research, tools and frameworks to assess climate related risks to financial stability. Work is underway to develop an analytical framework to size the impact of climate change on the financial system and economy. We are also working closely with other regulators and institutional investors to encourage disclosure practices to improve transparency on how climate risk considerations are integrated into business decisions of financial institutions. Climate-related issues are also being more actively discussed in our supervisory engagements with licensed financial institutions to better understand how financial institutions are managing these risks.

(Source – Extracts: Bank Negara Malaysia Annual Report 2019, Climate Change Risks and Opportunities: Respond, Not React)

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 16 "Leases" are disclosed in Note 5 and Note 15 to the Financial Statements.

RESULTS OF OPERATIONS

The following discussion is on the operations results of the major subsidiaries.

Catering Services
The revenue for catering services segment for 2019 was RM297.8 million from RM265.3 million in 2018. The increase in revenue was resulted from new airline customer and better customers ordering in term of number of flights and number of meals.

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 participate in tenders of contract and pursue potential new customers. 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.

RISKS FACTORS THAT MAY AFFECT OUR BUSINESS

Overall, a slower global economy could have an unfavorable impact on tourist arrivals and air passenger traffic growth, which will adversely affect the performance of our catering services. Moreover, the impact from recent Pandemic Covid-19 giving more than ever severe implication to The Group. As highlighted previously, concern over potential acts of terrorism and epidemic outbreaks could also serve to hurt the air travel industry and undermine our core businesses, which now the Group are facing with one.

Rising cost, implementation 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.

20

CORPORATE SUSTAINABILITY STATEMENT

In steering our business towards future sustainable practices, 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.

Our corporate responsibility drive focuses on the workplace, environment and community. As Brahim's is merely an investment holding company, the bulk of its corporate responsibility activities are carried out its key venture in Brahim's SATS Food Services Sdn Bhd ("BSFS").

WORKPLACE

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

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 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 defines us as a whole. With the establishment of the integrity unit, programmes in 2019 were designed to focus on education, prevention, enhancement and punitive.

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 2019, BSFS employed 1,347 staff. The demographics are as follows:

Age Range	Male	Female
Below 30 years old	297	130
Between 31-40 years	178	43
Between 41-50 years	361	125
Above 50 years old	189	24
TOTAL	**1,025**	**322**

Safety is integral to our operations. We are committed to ensuring the highest standards that there are 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 and briefing programmes on Health and Safety as required by Department of Civil Aviation (DCA) and Department of Safety & Health (DOSH) to educate supervisors and leaders about creating a safe working environment.

ENVIRONMENT

Brahim'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.

In 2019, BSFS consumed about 368,000 cubic metres of water largely in food processing and cleaning activities. The organization practices a non-waste policy of water conservation by using sensor taps and regularly checks faucets and pipes for leaks. Any leakages detected are to be addressed swiftly. Likewise on energy usage, BSFS monitors its energy consumption diligently and adopts efficient cooking and washing (Samak Washing Equipment for airline inflight utensils) methods.

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 to help with their awareness and fund-raising programmes.

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 programs for the benefits of the community and staff. A more detailed calendar of activities for the year 2019 is listed as follows:

Volley Ball competition on 7 January 2019
Friendly Volley Ball competition was held to strengthen the relationship as well to encourage the spirit of sponsorship between the management team and staff members. This competition which has always gather a number of enthusiastic participants saw it highest number of participants especially among the management team.

Launching of AIA Vitality Program on 28 February 2019
AIA Vitality is a Science - based Health program that active participant can benefit from it. This program was Organized by AIA encourages staff to stay active and lead a healthy and productive life in every way. Active employees can earn rewards by exchanging points with any participating business partner.

Best Employee Awards ("BES") on 15 March 2019
This BES award is not just an encouragement and recognition to staff that has demonstrated their commitment and dedication to performing or has produced excellent work alone. Even within its broader scope, BES is a step towards embracing comprehensive excellence in all aspects of work. What's more, our company is heading towards high performance HPO companies.

Apprentice Graduation Ceremony on 2 May 2019
A total of 30 staff participating in the Apprentice program was celebrated in one of the certificates of graduation certificates ceremony. This program, which emphasizes skill development, has provided staff with specialized skills in the field of production.

Zakat Program on 17 May 2019
Zakat Contributions event was held at BSFS Laman Crisp Second Floor. 50 staff was eligible to receive monetary aids from the Zakat Redistribution programme. This collaboration program with Selangor Zakat Board was hopes that it will help to lighten the burden of staff especially on schooling cost.

Bubur Lambuk Distribution on 17 May 2019
In conjunction of Holly Ramadhan, the ceremony of handling out Bubur Lambuk to the staff was held at BSFS Laman Crisp and was attended by the management and staff of BSFS.

Aidilfitri Celebration on 26 June 2019
A celebration of Aidilfitri was also held with staff to celebrate the festivities and the announcement of the Hari Raya decorations competition. The Pot Luck concept was introduced and be able to unite the staff and management to share the Hari Raya menu specialties.

Rebrand of Wellness Centre on 8 October 2019
To ensure BSFS staffs remain healthy, the in house Wellness Centre has been rebranded. It also coincides with the National Sports Month which has been launched nationally. Various health programs have been organized including 'Jom Kurus" and healthy nutrition talks.

Drug Free Work Program on 18 October 2019
A Drug Free Workplace Awareness Program was held to create workers free from the dangers of drugs. The National Drug Agency held a briefing which was attended by staff of all levels. Emphasis is also placed on how identifying employees who have symptoms of drug abuse.

CODE OF ETHICS

23

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 honestly, fairness, respect, responsibility, integrity, trust and sound business judgement. 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 and 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 privates business or personal interests at the expense of the Company, its clients or affiliates.
3. No bribes, kickbacks and 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, personal records, upcoming acquisition and divestitures, new investment, 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 ability and penalties under the Capital Markets and Services Act 2007 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Under this Act, executives, directors, and employees in possession of material information not available to the public are "insiders". Spouses, friends, suppliers, brokers, and others outside the Company who may have acquired the information directly or indirectly from a director, officer or employee are also "insiders". The Act prohibits insiders from trading in, or recommending the sale or purchase of, the Company's securities, while such inside information is regarded as "material", or if it is important enough to influence you or any other person in the purchase or sale of securities of any company with which we do business, which could be affected by the inside information. The following guidelines should be followed in dealing with inside information:
   - Until the material information has been publicly released by the Company, an employee must not disclose it to anyone except those within the Company whose position require use of the information.
   - Employees must not buy or sell company's securities when they have knowledge of material information concerning the Company until it has been disclosed to the public and the public has had sufficient time to absorb the information.
   - Employee 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 behavior, 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 Brahims 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 organization 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 organization's mission and the objects of the organization as embodied in its Constitution.

3. ROLES AND RESPONSIBILITIES

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

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

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

Monitor the performance of the CEO against agreed performance indicators.

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

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

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

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

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

Ensure that all significant systems and procedures are in place for the organization 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 organization has appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate and social responsibility.

The Board has no operational involvement in the conduct of organization'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 directors' ability to act in the best interests of the organization.

Membership of 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 Nomination Committee, shall justify and seek shareholders' approval in the event that it desires to retain a person who has served in the capacity for more than nine (9) years as an independent director.

5. BOARD/CEO RELATIONSHIP

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

The CEO is responsible for:

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

The CEO is not a member of the Board.

6. BOARD CULTURE

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

Agendas
- The agendas of the Board limit presentation time and maximise discussion time
- There are lots 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 organization
- 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 minutes 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 recored in the Minute Book.

8. REVIEW OF CHARTER

The Board will review this charter bi-annually to ensure its 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 2019. This statement is to be read together with the CG Report 2019 of the company which is available on the Company website at www.brahimsgroup.com.

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 2019, the Board size of six (6) members comprises the Executive Chairman, two (2) 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 2019, decisions made at Board level were arrived based on presentations, analyses and recommendations from the respective Board Committees.

The two (2) 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;
- 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; and
- 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 Dato' Seri Ibrahim bin Haji Ahmad 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.

Whistle-blowing policy
All employees are urged to promptly report illegal or unethical behaviour including financial misconduct and other violations of the code of ethics. All concerns or complaints made by the employees will be kept confidential and their identity will be kept anonymous, though they may be required by law to reveal this information in some circumstances. The group will not allow any retaliation against employees if they report misconduct of other in good faith. The whistle-blowing policy is available on the Company's website at http://brahimsgroup.com/whistle-blowing-policy/.

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 2019, six (6) Board of Directors' meetings were convened. The details of attendance of the Board members are as follows:

Name of Directors	No. of Meetings Attended
Dato' Seri Ibrahim bin Haji Ahmad (or his Alternate Director, Ahmad Fahimi bin Ibrahim	6/6
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	5/6
Dato' Choo Kah Hoe	5/6
Professor Dr Jinap binti Salamet	3/6
Kamil bin Dato' Haji Abdul Rahman	6/6

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

During the financial year ended 31 December 2019, the Company Secretaries have attended relevent development and trainings programmes to enhance their ability discharging their duties and responsibilities.

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.

The details of the Board Charter available for reference at http://brahimsgroup.com/board-charter/.

BOARD COMMITTEES

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

Audit Committee

The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) 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
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.

As included in the Terms of Reference of Audit Committee, a former key audit partner of the Company's external auditors firm is required to observe a cooling-off period of at least two (2) years before being appointed as member of the Audit Committee. Presently, no former key audit partner is appointed as a member of the AC.

The Audit Committee 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.

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
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**
  - 3 March 2019 – Panelist "1st Global Halal Industries Congress Global Halal Summit 2019" at MITEC, Kuala Lumpur.

- **Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain**
  - 3 October 2019 – Attended "Dialogue on Indonesia's Political Economy Outlook in Asean" by Asean Business Club at Bank Muamalat Malaysia Berhad, Kuala Lumpur.

- **Dato' Choo Kah Hoe**
  - 21 March 2019 – Attended 1st CAMCO Talk at Asian Banking School, KL, Malaysia.
  - 30 October 2019 – Attended an Awareness Session with Labuan IBFC Reporting Institutions on Targeted Financial Sanctions on Terrorism Financing at Labuan International School, Labuan, Malaysia.
  - 5th - 6th November 2019 – Attended 11th International Conference on Financial Crime and Terrorism Financing (IFCTF) 2019 at Shangri-La Hotel, KL, Malaysia
  - 21st November 2019 – Attended Industry Awareness Workshop on Targeted Financial Sanctions of Proliferation Financing by MITI with Labuan Financial Institutions.

- **Professor Dr Jinap binti Salamet**
  - 26-28 February 2019 – Attended Regional Corn Conference 2019, Penang
  - 18-22 March 2019 – Health Risk Assessment: Principles and Applications, Karolinska Institute, Sweden
  - 14-15 August 2019 – UPM-Kasetsart University Colloquium and Research Forum, UPM
  - 27-29 August 2019 – 2nd International Food Research Conference, Putrajaya
  - 23-26 September 2019 – International Conference on Molecular Diagnostics and Discovery, Penang
  - 15-18 October 2019 – 16th ASEAN Food Conference and SELAMAT Global Food Safety Network Annual Meeting, Bali, Indonesia

- 8-11 November 2019 – Conference on Sustainable Animal Agriculture for Developing Countries (SAADC 2019), Pokhara, Nepal
- 5-7, 12-14, 18-21 December 2019 – Halal Executive Program Course (JAKIM accredited), organised by Halal Development Corporation (HDC).

- **Kamil bin Dato' Haji Abdul Rahman**
  - 20 June 2019 – Attended Advanced Financial Analysis for Effective Business Management conducted by Malaysia Institute of Accountants
  - 24 June 2019 – Attended Macroeconomic Forces in the Financial Market conducted by Malaysian Institute of Accountants
  - 26 June 2019 – Attended Building Corporate Longevity Seminar conducted by Bursa Malaysia
  - 2-3 July 2019 – Attended MAICSA Annual Governance Conference conducted by Malaysian Institute of Chartered Secretaries and Administrators
  - 15 August 2019 – Attended The Road to Business Excellence conducted by Bursa Malaysia
  - 22-23 October 2019 – Attended MIA International Conference conducted by Malaysia Institute of Accountants
  - 5 November 2019 – Attended Cross-Border Mergers and Acquisition conducted by Azmi Associates Law Academy
  - 8 November 2019 – Attended Conversation with Audit Oversight Board Seminar conducted by Securities Commission.

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
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 remuneration received by each of the current Non-Executive Directors and Executive Chairman in 2019 is set out in the tables below:-

(1) Non-Executive Directors

No.	Names of Current Non-Executive Directors	Directors' Fees for FY 2019 (RM'000)	Other Allowances (RM'000)
1	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	60	-
2	Dato' Choo Kah Hoe	60	2
3	Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (Retired on 4 May 2019)	21	-
4	Professor Dr. Jinap binti Salamet	60	-
5	Kamil bin Dato' Haji Abdul Rahman	60	2
6	Ahmad Fahimi bin Ibrahim	-	-

(2) Executive Chairman

	Directors' Fee (RM'000)	Salary (RM'000)	Other Allowances (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Dato' Seri Ibrahim bin Haji Ahmad	72	1,260	188	-	1,520

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.

Poll Voting
In compliance with the Main Market Listing Requirements, all resolutions put forth for shareholders' approval at the forthcoming Thirty Eighth Annual General Meeting to be held on 22 August 2020 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 recognize 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
In ensuring the independency of the Internal Audit ("IA") function and to allow this function to be effective, the Company has in-house IA function. The IA reports directly to the AC of the Company and the internal audit function is independent of the activities or operations of other operating units. The IA performed its duties in accordance with its annual audit plan covering management, operational and system audit of the Companies within the Group.

By having the function in-house, the Audit Charter and guidelines has been introduced as to upkeep the same standard and compliance to the respective and recognised framework i.e. Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.

During the year, the following were audit activities carried out and presented to the Audit Committee for deliberation:
- audit on flight catering 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 2019, 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 2019, 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 ("the Board") of Brahim's Holdings Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries ("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 published by Securities Commission Malaysia in year 2017 and Statement on Risk Management and Internal Control - 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 year 2019, 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 of its subsidiary, namely Brahim's SATS Food Services Sdn Bhd ("BSFS"). AC has decided to set reliance on an audit exercise which was undertaken by SATS Internal Audit ("IA") team on the effectiveness of internal control of BSFS. The report tabled by the BSFS Management was brought to the attention of the AC and 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 has been informed that the internal audit assessment was carried out by the corporate shareholder of BSFS, namely SATS Ltd. on the effectiveness of the internal control of BSFS. The management of the subsidiary 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 in AC meeting and presented for consideration by the Board.

For year 2019, the AC is assisted by the management team and alongside the operations staff to conduct review and effectively 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 highlight and submit any updates on controls 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 (Retired on 4 May 2019)
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 years of working experiences and:
   - He must have passed the examination specified in Part I of the 1st Schedule of the Accountant Act 1967; or
   - He must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

iii. fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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

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

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

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

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

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

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

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

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

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

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

5. Rights

The Audit Committee shall:

a. have authority to investigate any matter within its terms of reference;
b. have the resources which are required to perform its duties;
c. have full and unrestricted access to any information pertaining to the Group;
d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
e. have the right to obtain independent professional or other advice at the Company's expense;
f. promptly report to Bursa Securities or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
g. have the right to pass circular resolutions in writing by a majority vote from the Audit Committee
h. meet as and when required on a reasonable notice;
i. the Chairman shall call for a meeting upon the request of the External Auditors.

6. Duties

a. Risk Management & Internal Control

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

b. Financial Reporting

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

c. External Audit

i. Recommend the appointment or re-appointment of the external auditors and audit fee to your Board, after reviewing the suitability, resources, competency and independence of external auditors and the accounting firm.
ii. Make appropriate recommendations to your Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.
iii. Review and discuss the nature and scope of the external audit strategy and plan for the year.
iv. Review and discuss issues arising from external auditors' interim and final letters of recommendation to management, including management responses and the external auditor's evaluation of the system of internal control and any other matters the external auditor may wish to discuss (in the absence of Management, if required).

d. Internal Audit

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

e. Related Party Transactions

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

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

f. Other Matters

i. To report to Bursa Securities, if the Audit Committee views that a matter resulting in a breach of the Listing Requirements of Bursa Securities reported by the Audit Committee to the Board has not been satisfactorily resolved by the Board.

ii. To highlight such matters as the Audit Committee considers appropriate or as defined by the Board from time to time.

The Audit Committee reviewed the annual Statement on Risk Management and Internal Control for publication in the Annual Report 2019.

7. Attendance at Meetings

During the financial year ended 31 December 2019, 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	0/2
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 reports. The Committee was briefed by the Head of Internal Audit that in a few instances, the audit process identified certain control and operational weaknesses which were brought to the attention of the management and that corrective action had been taken to rectify the weaknesses.
- Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:
  - changes in implementation of major accounting policy changes;
  - the going concern assumptions;
  - significant adjustments resulting from audit;
  - major judgemental areas, significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- Reviewed the related party transactions and conflict of interest situation that may arise within the Company or Group including any transactions, procedures or course of conduct that raise questions of management integrity which were incurred during the financial year, were done in the ordinary course of business.
- The Audit Committee met with the external auditors twice during the year without members of management being present.

FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

DIRECTORS' REPORT	38
STATEMENTS OF FINANCIAL POSITION	44
STATEMENTS OF COMPREHENSIVE INCOME	46
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	47
STATEMENTS OF CASH FLOWS	48
NOTES TO THE FINANCIAL STATEMENTS	53
STATEMENT BY DIRECTORS	134
STATUTORY DECLARATION	135
INDEPENDENT AUDITORS' REPORT	136

38

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(13,500)	(17,807)
Attributable to:		
Owners of the Company	(15,353)	(17,807)
Non-controlling interests	1,853	-
	(13,500)	(17,807)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2019.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Choo Kah Hoe*
Dato' Seri Ibrahim Bin Haji Ahmad*
Ahmad Fahimi Bin Ibrahim* (Alternate Director to Dato' Seri Ibrahim Bin Haji Ahmad)
Kamil Bin Dato' Haji Abdul Rahman*
Professor Dr. Jinap Binti Salamet
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain*
Tan Sri Datuk Seri Panglima Sulong Bin Matjeraie (Resigned on 4 May 2019)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Ahmad Robin Wahab Bin Ahmad Noordin	
Dzamir Bin Elyas	
Mohd Fadhli Bin Abdul Rahman	
Nur Fatin Binti Ibrahim	
Seah Kok Khong	
Sharmi Bin Dzhari	
Siti Rafidah Binti Tan Sri Datuk Amar Haji Adenan	
Tan Chuan Lye	
Dato' Mohd Khalis Bin Abdul Rahim	(Appointed on 1 January 2020)
Kamaruddin Bin Kamilin	(Appointed on 1 January 2020)
Boo Hui Yee	(Resigned on 1 January 2019)
Felix Alexander E. Davidson Ellias Iskandar	(Resigned on 8 November 2019)
Lau Yin May	(Resigned on 1 January 2020)
Muhammad Najmi Bin Mansor	(Resigned on 1 January 2020)
Yeow Tau Ling	(Resigned on 10 July 2019)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Indirect interests:				
Dato' Seri Ibrahim Bin Haji Ahmad*	96,253,300	-	-	96,253,300
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain*	71,005,000	-	-	71,005,000
Dato' Choo Kah Hoe*	25,000,000	-	-	25,000,000

* Shares held through company in which the director has substantial financial interests.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Seri Ibrahim Bin Haji Ahmad and Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

INDEMNITY TO DIRECTORS AND OFFICERS

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 36 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 23 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………………………..
DATO' SERI IBRAHIM BIN HAJI AHMAD
Director

…………………………………………………..
DATO' CHOO KAH HOE
Director

Date: 26 June 2020

44

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	66,982	54,525	196	325
Investment in subsidiaries	6	-	-	99,016	99,338
Investment in a joint venture	7	-	19,961	-	20,051
Goodwill	8	102,354	102,354	-	-
Other intangible assets	9	-	-	-	-
Deferred tax assets	10	9,704	14,896	-	-
Other receivables	11	-	-	2,699	2,699
Total non-current assets		179,040	191,736	101,911	122,413
Current assets					
Inventories	12	8,096	7,451	-	-
Trade and other receivables	11	63,950	51,661	-	199
Tax assets		2,872	10,938	-	25
Cash and short-term deposits	13	44,725	19,799	12,058	1,941
Total current assets		119,643	89,849	12,058	2,165
TOTAL ASSETS		298,683	281,585	113,969	124,578

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	268,266	268,266	268,266	268,266
Accumulated losses		(247,881)	(232,528)	(245,853)	(228,046)
		20,385	35,738	22,413	40,220
Non-controlling interests		90,830	88,977	-	-
TOTAL EQUITY		111,215	124,715	22,413	40,220
Non-current liabilities					
Loans and borrowings	15	3,792	2,749	202	273
Provisions	16	-	6,000	-	-
Other payables	17	1,353	1,660	1,120	1,680
Total non-current liabilities		5,145	10,409	1,322	1,953
Current liabilities					
Loans and borrowings	15	92,190	72,694	73,125	68,409
Provisions	16	13,464	7,283	-	-
Trade and other payables	17	76,661	66,484	17,109	13,996
Tax liabilities		8	-	-	-
Total current liabilities		182,323	146,461	90,234	82,405
TOTAL LIABILITIES		187,468	156,870	91,556	84,358
TOTAL EQUITY AND LIABILITIES		298,683	281,585	113,969	124,578

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Revenue	18	305,798	274,271	2,495	368
Cost of sales	19	(208,626)	(191,046)	-	-
Gross profit		97,172	83,225	2,495	368
Other income	20	987	639	15	73
Administrative expenses		(80,591)	(86,751)	(2,415)	(2,310)
Impairment losses on financial instruments		(291)	(2,714)	(411)	-
Reversal of impairment losses on financial instruments		3,730	139	-	-
Other expenses		(22,279)	(111,362)	(11,948)	(51,481)
Operating loss		(1,272)	(116,824)	(12,264)	(53,350)
Finance income	21	852	155	137	35
Finance costs	22	(8,390)	(5,912)	(5,680)	(6,331)
Share of results of a joint venture		903	1,436	-	-
Loss before tax and zakat	23	(7,907)	(121,145)	(17,807)	(59,646)
Income tax (expense)/credit	25	(5,412)	5,152	-	-
Zakat		(181)	-	-	-
Total comprehensive loss for the financial year		(13,500)	(115,993)	(17,807)	(59,646)
(Loss)/Profit attributable to:					
Owners of the Company		(15,353)	(61,581)	(17,807)	(59,646)
Non-controlling interests		1,853	(54,412)	-	-
		(13,500)	(115,993)	(17,807)	(59,646)
Total comprehensive (loss)/profit attributable to:					
Owners of the Company		(15,353)	(61,581)	(17,807)	(59,646)
Non-controlling interests		1,853	(54,412)	-	-
		(13,500)	(115,993)	(17,807)	(59,646)
Loss per share (sen)					
- Basic/Diluted	26	(6.50)	(26.06)		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

Group	<- Attributable to owners of the Company ->				
	Share capital RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018	268,266	(170,947)	97,319	143,389	240,708
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss for the financial year	-	(104,999)	(104,999)	(10,994)	(115,993)
Effect of retrospective adjustment (Note 31)	-	43,418	43,418	(43,418)	-
At 31 December 2018, restated	268,266	(232,528)	35,738	88,977	124,715
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss for the financial year	-	(15,353)	(15,353)	1,853	(13,500)
At 31 December 2019	268,266	(247,881)	20,385	90,830	111,215

Company	<- Attributable to owners of the Company ->		
	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2018	268,266	(168,400)	99,866
Total comprehensive loss for the financial year			
Loss for the financial year, representing total comprehensive loss for the financial year	-	(59,646)	(59,646)
At 31 December 2018	268,266	(228,046)	40,220
Total comprehensive loss for the financial year			
Loss for the financial year, representing total comprehensive loss for the financial year	-	(17,807)	(17,807)
At 31 December 2019	268,266	(245,853)	22,413

48

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Loss before tax and zakat		(7,907)	(121,145)	(17,807)	(59,646)
Adjustments for:					
Depreciation of property, plant and equipment		28,585	6,884	129	178
Dividend received from a joint venture		-	-	(2,190)	-
Finance costs		8,390	5,912	5,680	6,331
Finance income		(852)	(155)	(137)	(35)
Gain on disposal of property, plant and equipment		-	(47)	-	(47)
Impairment losses on:					
- goodwill		-	88,609	-	-
- intangible asset		-	4,248	-	-
- investment in subsidiaries		-	-	322	51,481
- property, plant and equipment		-	140	-	-
- trade and other receivables		291	2,714	411	-
Loss on disposal of investment in a joint venture		10,237	-	11,614	-
Net unrealised foreign exchange (gain)/loss		(41)	69	-	-
Provision for utilities claims and disputes		-	6,000	-	-
Reversal of impairment losses on trade receivables		(3,730)	(139)	-	-
Share of results of a joint venture		(903)	(1,436)	-	-
Deposits written off		37	-	-	-
Inventories written off		-	58	-	-
Property, plant and equipment written off		13	1,057	-	-
Bad debts written off		5	-	5	-
Operating profit/(loss) before changes in working capital, carried forward		34,125	(7,231)	(1,973)	(1,738)

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities (continued)					
Operating profit/(loss) before changes in working capital, brought forward		34,125	(7,231)	(1,973)	(1,738)
Changes in working capital:					
Inventories		(645)	(1,250)	-	-
Trade and other receivables		(8,926)	17	(2)	18
Trade and other payables		9,344	18,947	1,944	1,195
Net cash generated from/ (used in) operations		33,898	10,483	(31)	(525)
Income tax refunded		7,854	23	25	45
Interest received		852	155	137	35
Interest paid		(2,477)	(5,899)	(46)	(5,493)
Net cash from/(used in) operating activities		40,127	4,762	85	(5,938)
Cash flows from investing activities					
Change in pledged deposits		(711)	5,168	31	5,168
Dividend received from a joint venture		2,190	-	2,190	-
Proceed from disposal of property, plant and equipment		-	59	-	59
Proceed from disposal of investment in a joint venture		7,987	-	7,987	-
Purchase of property, plant and equipment	(a)	(4,855)	(9,412)	-	-
Advances to subsidiaries		-	-	(249)	(124)
Repayment from a joint venture		34	28	34	28
Net cash from/(used in) investing activities		4,645	(4,157)	9,993	5,131

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Cash flows from financing activities	(b)				
(Repayments)/Drawdown of lease liabilities/ finance lease liabilities		(20,813)	278	(73)	(63)
Repayments of term loans		-	(6,000)	-	(6,000)
Advances from a subsidiary		-	-	587	539
Advances from a director		843	6,046	143	6,046
Advances from a joint venture		-	450	-	450
Net cash (used in)/from financing activities		(19,970)	774	657	972
Net increase in cash and cash equivalents		24,802	1,379	10,735	165
Cash and cash equivalents at the beginning of the financial year		12,217	10,838	(526)	(691)
Cash and cash equivalents at the end of the financial year	13	37,019	12,217	10,209	(526)

(a) Purchase of property, plant and equipment:

	Group 2019 RM'000	Group 2018 RM'000
Purchase of property, plant and equipment	(4,855)	(12,906)
Financed by way of lease arrangements	-	3,494
Cash payments on purchase of property, plant and equipment	(4,855)	(9,412)

(b) Reconciliation of liabilities arising from financing activities:

	1 January 2019 RM'000	Effect of adoption of MFRS 16 RM'000	Cash flows RM'000	31 December 2019 RM'000
Group				
Lease liabilities	3,411	36,200	(20,813)	18,798
Amount owing to a director	6,046	-	843	6,889
	9,457	36,200	(19,970)	25,687

	1 January 2019 RM'000	Cash flows RM'000	Non-cash acquisition RM'000	31 December 2019 RM'000
Company				
Lease liabilities	345	(73)	-	272
Amount owing to a subsidiary	3,878	587	196	4,661
Amount owing to a director	6,046	143	-	6,189
	10,269	657	196	11,122

			<---------------- Non-cash ---------------->			
	1 January 2018 RM'000	Cash flows RM'000	Foreign exchange movement RM'000	Acquisition RM'000	Others RM'000	31 December 2018 RM'000
Group						
Term loans	77,376	(6,000)	69	-	-	71,445
Finance lease liabilities	408	278	-	3,494	(769)	3,411
Amount owing to a director	-	6,046	-	-	-	6,046
Amount owing to a joint venture	-	450	-	-	-	450
	77,784	774	69	3,494	(769)	81,352

(b) Reconciliation of liabilities arising from financing activities: (continued)

	1 January 2018 RM'000	Cash flows RM'000	Non-cash acquisition RM'000	31 December 2018 RM'000
Company				
Term loans	73,750	(6,000)	-	67,750
Finance lease liabilities	408	(63)	-	345
Amount owing to a subsidiary	2,514	539	825	3,878
Amount owing to a director	-	6,046	-	6,046
Amount owing to a joint venture	-	450	-	450
	76,672	972	825	78,469

(c) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM23.728 million and RM0.329 million respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Brahim's Holdings Berhad ("the Company") is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 June 2020.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRS</u>

MFRS 16	Leases

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

2. BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease.*

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

2. BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 16 Leases (continued)

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within operating activities) in the statements of cash flows for the current financial year.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at either:

(a) their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application. The Group and the Company applied this approach to its largest property leases; or

(b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group and the Company applied this approach to all other leases.

2. BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 16 Leases (continued)

Impact of the adoption of MFRS 16 (continued)

(i) Classification and measurement (continued)

For leases that were classified as operating lease under MFRS 117 (continued)

The Group and the Company also applied the following practical expedients wherein they:

(a) applied a single discount rate to a portfolio of leases with similar characteristics;
(b) adjusted the right-of-use assets by the amount of MFRS 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
(c) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
(d) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(e) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low value asset based on the value of the underlying asset when new, such as office equipment. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 16 Leases (continued)

Impact of the adoption of MFRS 16 (continued)

The effects of adoption of MFRS 16 as at 1 January 2019 (increase) are as follow:

	Group Increase RM'000
Assets	
Non-current assets	
Property, plant and equipment	36,200
Non-current liabilities	
Lease liabilities	20,073
Current liabilities	
Lease liabilities	16,127
	36,200

The incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 January 2019 is 7.65%.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 December 2018, as follows:

	Group RM'000
Assets	
Operating lease commitments as at 31 December 2018	39,929
Incremental borrowing rate as at 1 January 2019	7.65%
Discounted operating lease commitments as at 1 January 2019	36,200
Add:	
Commitments relating to lease previously classified as finance lease	3,411
Lease liabilities as at 1 January 2019	39,611

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023#/ 1 January 2022
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contract

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below.

Amendments to* MFRS *3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to* MFRS *101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

2. BASIS OF PREPARATION (continued)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the 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 that are significant to the financial statements are disclosed in Note 4.

2.7 Fundamental accounting principle

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 Group and the Company incurred a net loss after tax of RM13.5 million and RM17.8 million respectively for the financial year ended 31 December 2019 and, as of that date, the Group's and the Company's current liabilities exceeded the current assets by RM62.7 million and RM78.2 million respectively.

In addition, the Company did not meet certain financial covenants for a term loan granted by a financial institution since financial year ended 31 December 2018 and 31 December 2019. Accordingly, the term loan was classified as current liabilities.

2. BASIS OF PREPARATION (continued)

2.7 Fundamental accounting principle (continued)

In order to ensure that the Company would has 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 the financial institution to defer the instalment payable by the Company.

The Company is required to submit a regularisation plan to Securities Commission Malaysia and Bursa Securities by 27 February 2020. On 13 February 2020, the Company submitted an application to Bursa Securities for the extension of time for submission of its regularisation plan as the Company is still in the midst of formulating its regularisation plan.

On 13 March 2020, the Company has obtained the approval from Bursa Securities for the extension of time until 27 August 2020 for its submission of its regularisation plan.

On 26 March 2020, Bursa Securities announced that in view of the on-going Movement Control Order imposed arising from the COVID-19 pandemic, PN17 companies whose First Announcement was made between 2 January 2019 to 31 December 2019 will be allowed to submit their regularisation plans within 24 months (instead of 12 months) from the date of the First Announcement. Consequently, the Company now has extension until 27 February 2021 to submit its regularisation plan.

The Directors are committed to undertake the following measures to manage and strengthen the Group's cash flows position:

- Actively participate in tenders of potential customers' contracts by a subsidiary;
- Engage with the financial institution for its indulgence to defer the loan repayment. 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.

The Company is still in the midst of finalising its regularisation plan.

In view of the matters set out above, there are material uncertainties that may cast significant doubt on the ability of the Group and the Company to continue as going concerns.

The going concern assumption is highly dependent upon the successful implementation of the regularisation plan which is currently in the midst of finalising and subject to the approval of the authorities and shareholders, the settlement of the outstanding loans, and the ability of the Group and the Company to attain profitable operations to generate sufficient cash flows to fulfil their obligations as and when they fall due. In the event that these are not accomplished, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements may require adjustments relating to the recoverability and classification of recorded assets and to additional amount and classification of liabilities that may be necessary should the Group and Company be unable to continue as going concerns.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group’s share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(c) Joint arrangement

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement guves the Group and the other party or parties, joint control of the arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output by the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures.*

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and joint ventures are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liablities are derecognised and through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(b) Regular way purchase or sale of financial assets (continued)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:
(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(c) Derecognition (continued)

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses in accordance with Note 3.10(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

(b) Subsequent costs

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 asset will flow to the Group and the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged the profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

(c) Depreciation

Depreciation is charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The principal annual rates of depreciation used for this purpose are as follows:

Warehouse building and improvements	over the remaining lease period of 54 ¾ years
Containers, pallets, plant and machinery	5% - 33 1/3%
Renovation and electrical installations	10% - 66%
Signboard, furniture and fittings, electronic data processing ("EDP") equipment and office equipment	5% - 33 1/3%
Motor vehicles, lorries and trucks	10% - 20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at end of the reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the assets is recognised in profit or loss.

3.6 Leases

(a) Definition of lease

<u>Accounting policies applied from 1 January 2019</u>

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(a) Definition of lease (continued)

Accounting policies applied until 31 December 2018

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(b) Lessee accounting

Accounting policies applied from 1 January 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets in Note 5 and lease liabilities in Note 15.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Accounting policies applied from 1 January 2019 (continued)

Lease liability (continued)

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value asset

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value asset. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Accounting policies applied until 31 December 2018

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group and the Company do not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

3.7 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10 (b).

In respect of equity-accounted joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Goodwill and other intangible assets

(b) Licenses

Licenses acquired in a business combination are recognised at fair value at the acquisition date. The licenses have been acquired with the option to renew at little or no cost to the Group. As a result, those licenses are assessed as having an indefinite useful life. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10 (b).

(c) Computer software

Computer software that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10 (b).

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value is 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.

3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are presented net of bank overdraft.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 60 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.12 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

3.13 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income (continued)

(a) 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.

(b) 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' representative 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.

(c) Catering and 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 are 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.

(d) Management fees

The Company 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.

(e) Dividend income

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

(f) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.16 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.16 Income tax (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(d) Zakat

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Operating segments

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

3.19 Fair value measurements

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identicalassets or liability that the entity can access at the measurement date;
Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs are unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the Group to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profits of the Group.

The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 10.

(b) Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following: (continued)

(b) Impairment of trade receivables (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the trade receivables. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's trade receivables are disclosed in Notes 11 and 27(b)(i).

(c) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 8.

(d) Impairment of investment in subsidiaries

The Company tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the results of the impairment test.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

The carrying amounts of the Company's investment in subsidiaries are disclosed in Note 6.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Warehouse building and improvements RM'000	Containers, pallets, plant and machinery RM'000	Renovation and electrical installations RM'000	Signboard, furniture and fittings, EDP equipment and office equipment RM'000	Motor vehicles, lorries and trucks RM'000	Capital work-in-progress RM'000	Right-of-use assets RM'000	Total RM'000
2019								
At cost								
At 1 January 2019								
- As previously reported	34,888	111,625	3,706	83,305	45,902	8,003	-	287,429
- Effect of adoption of MFRS 16	-	-	-	-	(605)	(4,717)	41,522	36,200
Adjusted balance at 1 January 2019	34,888	111,625	3,706	83,305	45,297	3,286	41,522	323,629
Additions	543	1,368	31	1,069	686	1,158	-	4,855
Written off	-	-	-	(47)	(130)	-	-	(177)
Reclassification	-	1,798	-	289	907	(2,994)	-	-
At 31 December 2019	35,431	114,791	3,737	84,616	46,760	1,450	41,522	328,307

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Warehouse building and improvements RM'000	Containers, pallets, plant and machinery RM'000	Renovation and electrical installations RM'000	Signboard, furniture and fittings, EDP equipment and office equipment RM'000	Motor vehicles, lorries and trucks RM'000	Capital work-in-progress RM'000	Right-of-use assets RM'000	Total RM'000
2019								
Accumulated depreciation								
At 1 January 2019								
- As previously reported	12,672	96,797	1,861	78,123	42,833	-	-	232,286
- Effect of adoption of MFRS 16	-	-	-	-	(292)	-	292	-
Adjusted balance at 1 January 2019	12,672	96,797	1,861	78,123	42,541	-	292	232,286
Depreciation charge for the financial year	646	3,130	234	1,786	1,005	-	21,784	28,585
Written off	-	-	-	(34)	(130)	-	-	(164)
At 31 December 2019	13,318	99,927	2,095	79,875	43,416	-	22,076	260,707
Accumulated impairment loss								
At 1 January 2019/ 31 December 2019	-	-	480	138	-	-	-	618
Carrying amount								
At 31 December 2019	22,113	14,864	1,162	4,603	3,344	1,450	19,446	66,982

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Warehouse building and improvements RM'000	Containers, pallets, plant and machinery RM'000	Renovation and electrical installations RM'000	Signboard, furniture and fittings, EDP equipment and office equipment RM'000	Motor vehicles, lorries and trucks RM'000	Capital work-in-progress RM'000	Total RM'000
2018							
At cost							
At 1 January 2018	34,371	110,073	3,683	80,379	43,577	4,791	276,874
Additions	517	1,528	23	1,884	2,757	6,197	12,906
Disposal	-	-	-	-	(432)	-	(432)
Written off	-	(1,643)	-	(276)	-	-	(1,919)
Reclassification	-	1,667	-	1,318	-	(2,985)	-
At 31 December 2018	34,888	111,625	3,706	83,305	45,902	8,003	287,429

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Warehouse building and improvements RM'000	Containers, pallets, plant and machinery RM'000	Renovation and electrical installations RM'000	Signboard, furniture and fittings, EDP equipment and office equipment RM'000	Motor vehicles, lorries and trucks RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation							
At 1 January 2018	12,047	94,467	1,619	76,373	42,178	-	226,684
Depreciation charge for the financial year	625	2,968	242	1,974	1,075	-	6,884
Disposal	-	-	-	-	(420)	-	(420)
Written off	-	(638)	-	(224)	-	-	(862)
At 31 December 2018	12,672	96,797	1,861	78,123	42,833	-	232,286
Accumulated impairment loss							
At 1 January 2018	-	-	478	-	-	-	478
Impairment losses	-	-	2	138	-	-	140
At 31 December 2018	-	-	480	138	-	-	618
Carrying amount							
At 31 December 2018	22,216	14,828	1,365	5,044	3,069	8,003	54,525

5. **PROPERTY, PLANT AND EQUIPMENT** (continued)

Company	Renovation and electrical installations RM'000	Furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Total RM'000
2019					
At cost					
At 1 January 2019					
- As previously reported	93	398	605	-	1,096
- Effect of adoption of MFRS 16	-	-	(605)	605	-
Adjusted balance at 1 January 2019/ At 31 December 2019	93	398	-	605	1,096
Accumulated depreciation					
At 1 January 2019					
- As previously reported	91	389	291	-	771
- Effect of adoption of MFRS 16	-	-	(291)	291	-
Adjusted balance at 1 January 2019	91	389	-	291	771
Depreciation charge for the financial year	2	6	-	121	129
At 31 December 2019	93	395	-	412	900
Carrying amount					
At 31 December 2019	-	3	-	193	196

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Renovation and electrical installations RM'000	Furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
2018				
At cost				
At 1 January 2018	93	398	786	1,277
Disposal	-	-	(181)	(181)
At 31 December 2018	93	398	605	1,096
Accumulated depreciation				
At 1 January 2018	82	353	327	762
Depreciation charge for the financial year	9	36	133	178
Disposal	-	-	(169)	(169)
At 31 December 2018	91	389	291	771
Carrying amount				
At 31 December 2018	2	9	314	325

(a) Assets under finance leases

The carrying amount of assets under finance lease agreements are as follows:

	2018 Group RM'000	2018 Company RM'000
Motor vehicles	408	314
Office equipment	18	-
Capital work-in-progress	4,717	-
	5,143	314

5. **PROPERTY, PLANT AND EQUIPMENT** (continued)

(b) Assets pledged as security

Warehouse building and improvements with a carrying amount of RM22.113 million (2018: RM22.216 million) have been pledged as security to secure banking facilities granted to the Group and the Company as disclosed in Note 15.

(c) Right-of-use assets

The Group and the Company lease several assets including leasehold land, buildings, catering equipment, plant and equipment and motor vehicles.

Information about leases for which the Group and the Company are lessees is presented below:

Group	Leasehold land RM'000	Buildings RM'000	Catering equipment RM'000	Plant and equipment RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount						
At 1 January 2019	606	33,899	1,030	25	5,670	41,230
Depreciation	(16)	(19,965)	(217)	(6)	(1,580)	(21,784)
At 31 December 2019	590	13,934	813	19	4,090	19,446

Company	Motor vehicles RM'000	Total RM'000
Carrying amount		
At 1 January 2019	314	314
Depreciation	(121)	(121)
At 31 December 2019	193	193

The Group leases land for its warehouse space. The lease of the land has remaining lease term of 38 years.

The Group leases the buildings for their office space and operation sites. The leases for office space and operation sites generally have lease term between 3 to 6 years.

The Group and the Company also lease catering equipment, plant and equipment and motor vehicles with lease terms of 3 to 6 years.

6. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares - at cost	191,334	191,334
Less: Impairment losses		
At the beginning of the financial year	(91,996)	(40,515)
Charge for the financial year (Note 23)	(322)	(51,481)
At the end of the financial year	(92,318)	(91,996)
	99,016	99,338

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Brahim's SATS Investment Holdings Sdn. Bhd. ("BSIH")	Malaysia	51	51	Investment holding
Tamadam Crest Sdn. Bhd.	Malaysia	100	100	Dormant
Tamadam Industries Sdn. Bhd.	Malaysia	100	100	Provision of warehouse rental, bonded warehousing, freight forwarding and transportation services
Brahim's Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
Brahim's Trading Sdn. Bhd.	Malaysia	100	100	Dormant
Brahim's Food & Facilities Management Sdn. Bhd.	Malaysia	100	100	Dormant
Admuda Sdn. Bhd.	Malaysia	60	60	Dormant
Subsidiary of BSIH				
Brahim's SATS Food Services Sdn. Bhd.	Malaysia	35.7	35.7	Catering and related services

6. INVESTMENT IN SUBSIDIARIES (continued)

(a) Impairment assessment of investments in subsidiaries

Investment in subsidiaries of the Company as at 31 December 2019 amounted to RM99.0 million. Included in the carrying amount of investment in subsidiaries is an investment of RM69.5 million in a subsidiary which is engaged in the business of providing catering and catering related services. The Company is of the view that no impairment is required for the investment in subsidiaries.

The key assumptions used in the VIU calculations are as follows:

	2019	2018
Group		
Key assumptions used in value-in-use calculations		
Growth rate		
- airline catering	3% to 16%	1% to 101%
- non-airline catering	1% to 3%	0% to 39%
Gross margin	59% to 61%	60% to 62%
Dscount rate	9.0%	9.2%

(b) Non-controlling interests in subsidiaries

The financial information of the subsidiaries of the Group that have non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Principal place of business/ country of incorporation	Effective equity interest 2019 %	2018 %
Brahim's SATS Investment Holdings Sdn. Bhd. ("BSIH")	Malaysia	64.3	64.3
Admuda Sdn. Bhd. ("ASB")	Malaysia	40	40

Carrying amount of non-controlling interests:

Name of company	2019 RM'000	2018 RM'000 (Restated)
BSIH	95,324	93,460
ASB	(4,494)	(4,483)

6. INVESTMENT IN SUBSIDIARIES (continued)

(b) Non-controlling interests in subsidiaries (continued)

Profit or loss allocated to non-controlling interests:

Name of company	2019 RM'000	2018 RM'000 (Restated)
BSIH	1,864	(54,404)
ASB	(11)	(8)

(c) Summarised financial information of non-controlling interests

The summarised financial information before intra-group elimination of the subsidiaries that have non-controlling interests are as follows:

	BSIH RM'000	ASB RM'000
Summarised statements of financial position As at 31 December 2019		
Goodwill	102,270	-
Current assets	102,593	27
Non-current assets	50,866	4
Current liabilities	(83,589)	(11,275)
Non-current liabilities	(4,337)	(1)
	65,533	(11,245)
Net assets/(liabilities)	167,803	(11,245)
Summarised statements of comprehensive income Financial year ended 31 December 2019		
Revenue	297,781	-
Profit/(loss) for the financial year	2,895	(28)
Total comprehensive income/(loss)	2,895	(28)
Summarised cash flow information Financial year ended 31 December 2019		
Net cash flows from/(used in) operating activities	39,540	(33)
Net cash flows used in investing activities	(5,035)	-
Net cash flows (used in)/from financing activities	(20,532)	33
Net increase in cash and cash equivalents	13,973	-

6. INVESTMENT IN SUBSIDIARIES (continued)

(c) Summarised financial information of non-controlling interests (continued)

The summarised financial information before intra-group elimination of the subsidiaries that have non-controlling interests are as follows: (continued)

	RM'000 (Restated)	RM'000
Summarised statements of financial position		
As at 31 December 2018		
Goodwill	102,270	-
Current assets	83,948	20
Non-current assets	43,827	5
Current liabilities	(55,010)	(11,242)
Non-current liabilities	(10,128)	(1)
	62,637	(11,218)
Net assets/(liabilities)	164,907	(11,218)
Summarised statements of comprehensive income		
Financial year ended 31 December 2018		
Revenue	265,834	-
Loss for the financial year	(105,701)	(20)
Total comprehensive loss	(105,701)	(20)
Summarised cash flow information		
Financial year ended 31 December 2018		
Net cash flows from/(used in) operating activities	7,772	(11)
Net cash flows used in investing activities	(6,350)	-
Net cash flows used in financing activities	(1,046)	-
Net increase/(decrease) in cash and cash equivalents	376	(11)

7. INVESTMENT IN A JOINT VENTURE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares - at cost	20,051	20,051	20,051	20,051
Share of post-acquistion reserves, net of dividend received	(1,377)	(90)	-	-
Less: Disposal	(18,674)	-	(20,051)	-
	-	19,961	-	20,051

(a) Details of joint venture are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %	Nature of relationship
Dewina Host Sdn. Bhd. ("DHSB")	Malaysia	51	51	Food and catering activities

(b) Disposal of DHSB

On 29 November 2019, the Company entered into a sale and purchase of shares agreement with HMSHost International B.V. ("HMSH") for the disposal of its entire equity interest in DHSB, comprising 178,500 ordinary shares representing 51% equity interest in DHSB, to HMSH for a total cash consideration of RM7,987,000 (equivalent to EUR1,744,000).

(i) Summary of the effects of disposal of DHSB:

	RM'000
Group	
Cash consideration received	7,987
Interest in joint venture	(18,674)
Amount owing to a joint venture	450
Loss on disposal of a joint venture	(10,237)

	RM'000
Company	
Cash consideration received	7,987
Interest in joint venture	(20,051)
Amount owing to a joint venture	450
Loss on disposal of a joint venture	(11,614)

7. **INVESTMENT IN JOINT VENTURES** (continued)

(b) Disposal of DHSB (continued)

(ii) Effects of disposal on cash flows:

	RM'000
Group and Company	
Cash consideration received, representing cash inflow on disposal	7,987

(c) The following table illustrates the summarised financial information of the joint venture:

	31.12.2018 RM'000
Group	
Assets and liabilities:	
Current assets	18,444
Non-current assets	697
Current liabilities	(6,237)
Net assets	12,904
Results:	
Profit for the financial period/financial year	2,815
Other comprehensive income	-
Total comprehensive income	2,815
Included in the total comprehensive income is:	
Revenue	42,972
Depreciation and amortisation	(789)
Interest income	181
Income tax expense	(1,210)
Reconciliation of net assets to carrying amount:	
Share of the net assets at the acquisition date	5,349
Goodwill on acquisition	14,702
Cost of investment	20,051
Share of post-acuisition profits	(90)
Carrying amount in the statements of the financial position	19,961
Group's share of results:	
Group's share of profit for the financial period/financial year	1,436
Group's share of other comprehensive income	-
Group's share of total comprehensive income	1,436

8. GOODWILL

	Group 2019 RM'000	Group 2018 RM'000
Cost		
At 1 January/31 December	282,563	282,563
Accumulated impairment loss		
At 1 January	180,209	91,600
Charge for the financial year (Note 23)	-	88,609
At 31 December	180,209	180,209
Carrying amount		
At 31 December 2018	102,354	102,354

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

	Group 2019 RM'000	Group 2018 RM'000
Catering and related services	102,270	102,270
Warehouse and logistics related services	84	84
	102,354	102,354

(b) The carrying amount of the goodwill of the Group amounting to RM102.2 million is in relation to the cash generating units ("CGU") of the catering and related services. The goodwill is tested for impairment annually. This assessment requires the exercise of significant judgement by the directors in the recoverable amount calculation. The assumptions supporting the cash flow forecast and projection, including the forecast growth rates and gross profit margin by their very nature depending on the economic situation and outlook of the aviation industry. The Company is of the view that no impairment is required for the goodwill arising from this CGU.

8. GOODWILL (continued)

(c) Key assumptions used in value-in-use calculations

The recoverable amount of CGU of catering and related services as at 31 December 2019 and 31 December 2018 are determined based on value-in-use calculations using a 5-year cash flow projections prepared on budgets. The key assumptions used in the value-in-use calculations are as follows:

	2019	2018
Group		
Key assumptions used in value-in-use calculations		
Growth rate		
- airline catering	3% to 16%	1% to 101%
- non-airline catering	1% to 3%	0% to 39%
Gross margin	59% to 61%	60% to 62%
Dscount rate	9.0%	11.4%

9. OTHER INTANGIBLE ASSETS

Group	Computer software RM'000	License RM'000	Total RM'000
Cost			
At 1 January 2018/31 December 2018/ 31 December 2019	7,883	19,748	27,631
Accumulated amortisation			
At 1 January 2018/31 December 2018/ 31 December 2019	7,883	-	7,883
Accumulated impairment			
At 1 January 2018	-	15,500	15,500
Charge for the financial year (Note 23)	-	4,248	4,248
At 31 December 2018/ 31 December 2019	-	19,748	19,748
Carrying amount			
At 31 December 2018	-	-	-
At 31 December 2019	-	-	-

9. OTHER INTANGIBLE ASSETS (continued)

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

In the previous 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.

10. DEFERRED TAX ASSETS

	Group 2019 RM'000	Group 2018 RM'000
At 1 January	14,896	9,743
Recognised in profit or loss (Note 25)	(5,192)	5,153
At 31 December	9,704	14,896

(a) Presented after appropriate off-setting as follows:

	Group 2019 RM'000	Group 2018 RM'000
Deferred tax assets	16,331	21,217
Deferred tax liabilities	(6,627)	(6,321)
	9,704	14,896

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	Group 2019 RM'000	Group 2018 RM'000
Deferred tax assets		
Impairment losses on trade receivables	728	1,594
Provisions	1,499	1,525
Unutilised business losses	10,599	13,927
Unabsorbed capital allowance	3,365	4,171
Right-of-use assets	140	-
	16,331	21,217
Deferred tax liability		
Difference between the carrying amount of property, plant and equipment and their tax bases	(6,627)	(6,321)
	9,704	14,896

10. DEFERRED TAX ASSETS (continued)

(c) The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unutilised business losses	23,610	23,608	12,975	12,972
Unabsorbed capital allowance	1,569	1,559	10	-
Right-of-use assets	4	-	-	-
	25,183	25,167	12,985	12,972
Potential deferred tax assets not recognised at 24% (2018: 24%)	6,044	6,040	3,116	3,113

(d) Pursuant to Section 11 of the Finance Act 2018 (Act 812), special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from years of assessment 2019 to 2025).

The unutilised business losses are available for offset against future taxable profits of the Group and the Company which will expire in the following financial years:

	Group	Company
	2019	2019
	RM'000	RM'000
2025	34,209	12,975

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000 (Restated)	RM'000	RM'000
Non-current:					
Non-trade					
Amount owing by a subsidiary	(b)	-	-	2,699	2,699
Current:					
Trade					
Trade receivables	(a)	60,193	52,944	-	-
Less: Impairment losses	(a)	(2,977)	(6,786)	-	-
		57,216	46,158	-	-
Non-trade					
Other receivables		1,522	1,512	-	38
GST refundable		879	1,520	-	-
Amounts owing by subsidiaries	(b)	-	-	13,597	13,348
Amounts owing by related parties	(b)	87	55	-	-
Amount owing by a joint venture	(b)	-	34	-	34
Deposits		736	995	-	-
Prepayments		3,522	2,177	-	3
		6,746	6,293	13,597	13,423
Less: Impairment losses					
- other receivables	(a)	-	(790)	-	(38)
- amounts owing by subsidiaries	(a)	-	-	(13,597)	(13,186)
- amounts owing by by related parties	(a)	(12)	-	-	-
		(12)	(790)	(13,597)	(13,224)
		6,734	5,503	-	199
Total trade and other receivables (current)		63,950	51,661	-	199
Total trade and other receivables (non- current and current)		63,950	51,661	2,699	2,898

11. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 60 days (2018: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis

Receivables that are impaired

The Group's and the Company's trade and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade and other receivables are as follows:

Trade receivables

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	6,786	4,358
Charged for the financial year		
- Individually assessed	279	2,362
- Collectively assessed	-	349
Reversal of impairment losses	(3,730)	(139)
Written off	(358)	(144)
At 31 December	2,977	6,786

Other receivables

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	790	787	13,224	13,224
Charged for the financial year				
- Individually assessed	12	3	411	-
Written off	(790)	-	(38)	-
At 31 December	12	790	13,597	13,224

Trade receivables that are individually determined to be credit impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

The information about the credit exposures are disclosed in Note 27(b)(i).

(b) Amounts owing by subsidiaries, related parties and a joint venture

The amounts owing by subsidiaries, related parties in which a director has substantial financial interest and a joint venture are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

12. INVENTORES

	Group	
	2019	**2018**
	RM'000	**RM'000**
At cost:		
Catering stores	4,840	3,996
Maintenance stores	2,523	2,489
General stores	733	966
	8,096	7,451

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM117.46 million (2018: RM104.88 million).

In the previous financial year, the Group recorded an inventory written off amounting to RM58,000.

13. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Cash and bank balances	27,082	12,578	509	61
Short-term deposits	17,643	7,221	11,549	1,880
	44,725	19,799	12,058	1,941

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Short-term deposits	17,643	7,221	11,549	1,880
Less: Pledged deposits	(7,706)	(6,995)	(1,849)	(1,880)
	9,937	226	9,700	-
Cash and bank balances	27,082	12,578	509	61
Less: Bank overdrafts (Note 15)	-	(587)	-	(587)
	37,019	12,217	10,209	(526)

Short-term deposits of the Group and the Company amounting to RM7.706 million and RM1.849 million respectively (2018: RM6.995 and RM1.880 million respectively) are pledged for banking facilities and pledged as bank guarantee which issued by the Group to third party creditors. The short-term deposits bear interest at rates ranging from 2.90% to 3.40% (2018: 1.90% to 3.27%) per annum and mature within one year.

14. SHARE CAPITAL

	Group and Company			
	Number of shares		Amounts	
	2019	2018	2019	2018
	Unit'000	Unit'000	RM'000	RM'000
Issued and fully paid up:				
At the beginning/ end of the financial year	236,286	236,286	268,266	268,266

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. LOANS AND BORROWINGS

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Non-current:					
Lease liabilities/ Finance lease liabilities	(b)	3,792	2,749	202	273
Current:					
Term loans	(a)	77,184	71,445	73,055	67,750
Lease liabilities/ Finance lease liabilities	(b)	15,006	662	70	72
Bank overdrafts	(c)	-	587	-	587
		92,190	72,694	73,125	68,409
		95,982	75,443	73,327	68,682
Total loans and borrowings:					
Term loans	(a)	77,184	71,445	73,055	67,750
Lease liabilities/ Finance lease liabilities	(b)	18,798	3,411	272	345
Bank overdrafts (Note 13)	(c)	-	587	-	587
		95,982	75,443	73,327	68,682

15. LOANS AND BORROWINGS (continued)

(a) Term loans

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Term loan I	4,129	3,695	-	-
Term loan II	73,055	67,750	73,055	67,750
	77,184	71,445	73,055	67,750

Term loan I

Term loan I bears interest at a rate of 7.5% (2018: 7.5%) per annum and is secured and supported as follows:

(i) letter of support from the Company;
(ii) negative pledge; and
(iii) letter of undertaking from the Company to retire at least 50% of the facilities from any placement proceeds of from other cashflow sources.

This term loan is with a financial institution which has common directors with the Company. This term loan has matured on 30 June 2018. However, the financial institution has granted an indulgence to the subsidiary to defer the repayment of the term loan to 30 September 2019 in the previous financial year. On 26 September 2019, the financial institution has granted a further indulgence to the subsidiary to defer the repayment of the term loan to 30 September 2020.

Term loan II

Term loan II bears interest at a rate of 7.65% (31.12.2018: 7.65%) per annum and is secured and supported as follows:

(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 since the previous financial year. Accordingly, the carrying value of the term loan was classified as current liabilities. The financial institution is agreeable to withhold legal action against the Group and the Company until 31 August 2020 subject to compliance with certain terms and conditions.

15. LOANS AND BORROWINGS (continued)

(b) Lease liabilities/Finance Lease Liabilities

Certain equipment and motor vehicles of the Group and the Company as disclosed in Note 5 are pledged for leases. The interest rate implicit in the leases is ranging from 5.22% to 7.33% (2018: 3.36%).

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Minimum lease payments:				
Not later than one year	15,601	641	82	82
Later than one year and not later than five years	3,649	3,440	214	307
Later than five years	1,612	-	-	-
	20,862	4,081	296	389
Less: Future finance charges	(2,064)	(670)	(24)	(44)
Present value of minimum lease payments	18,798	3,411	272	345
Present value of minimum lease payments:				
Not later than one year	15,006	662	70	72
Later than one year and not later than five years	3,191	2,749	202	273
Later than five years	601	-	-	-
	18,798	3,411	272	345
Less: Amount due within 12 months	(15,006)	(662)	(70)	(72)
Amount due after 12 months	3,792	2,749	202	273

(c) Bank overdrafts

In the previous financial year, the bank overdrafts bore interest at rates ranging from 8.46% to 9.60%.

16. PROVISIONS

Group	Utilities claims and disputes RM'000	Legal claim RM'000	Zakat RM'000	Total RM'000
At 1 January 2018	-	6,900	383	7,283
Recognised in profit or loss (Note 23)	6,000	-	-	6,000
At 31 December 2018	6,000	6,900	383	13,283
Recognised in profit or loss	-	-	181	181
At 31 December 2019	6,000	6,900	564	13,464

	Group	
	2019 RM'000	2018 RM'000
Non-current	-	6,000
Current	13,464	7,283
	13,464	13,283

(a) Utilities claim and disputes

The provision is in relation to undercharge of chilled water charges to a subsidiary by the chilled water supplier. The sum of RM6.0 million is expected to be settled in year 2020 by way of three monthly instalments.

(b) Legal claim

The provision is in relation to legal claim arose from the non-payment of the first progress claim by a subsidiary, namely Admuda Sdn. Bhd. ("ASB"), for the works done by a third party in relation to the design and construction of a sugar refinery factory. Further details are disclosed in Note 33.

17. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Non-current:					
Non-trade					
Other payables		1,353	1,660	-	-
Amount owing to a subsidiary	(b)	-	-	1,120	1,680
		1,353	1,660	1,120	1,680

17. TRADE AND OTHER PAYABLES (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Current:					
Trade					
Trade payables	(a)	36,063	32,151	-	-
Non-trade					
Other payables		21,259	8,443	6,897	4,729
Accruals		11,585	18,528	106	196
Amount owing to a subsidiary	(b)	-	-	3,541	2,198
Amounts owing to related parties	(b)	865	866	376	377
Amount owing to a joint venture	(b)	-	450	-	450
Amount owing to a director	(b)	6,889	6,046	6,189	6,046
Total trade and other payables (current)		76,661	66,484	17,109	13,996
Total trade and other payables (non-current and current)		78,014	68,144	18,229	15,676

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 days (2018: 30 to 60 days).

(b) Amounts owing to a subsidiary, related parties, a joint venture and a director

Included in amount owing to a subsidiary is advances from a subsidiary amounting to RM2,800,000 (2018: RM2,800,000) which is non-trade in nature, unsecured, bears interest at a rate of 7% (2018: 7%) per annum and is repayable from 2019 to 2022. The amount classified in current liability is RM1,680,000 (2018: RM1,120,000); and

All other amounts owing to subsidiaries, related parties in which a director has substantial financial interest, a joint venture and a director are unsecured, interest free and repayable upon demand in cash.

18. REVENUE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue from contract customers:				
Catering and related services	297,781	265,592	-	-
Warehousing revenue	6,095	6,334	-	-
Logistics related services	1,617	1,977	-	-
Management fees from a joint venture	305	368	305	368
	305,798	274,271	305	368
Revenue from other source:				
Dividend income from a joint venture	-	-	2,190	-
	305,798	274,271	2,495	368

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

	Catering services RM'000	Warehousing and logistic related services RM'000	Management fees from a joint venture RM'000	Total RM'000
2019				
Timing of revenue recognition:				
At a point in time	297,781	1,246	-	299,027
Over time	-	6,466	305	6,771
	297,781	7,712	305	305,798
2018				
Timing of revenue recognition:				
At a point in time	265,592	1,492	-	267,084
Over time	-	6,819	368	7,187
	265,592	8,311	368	274,271

19. COST OF SALES

	Group	
	2019	2018
	RM'000	RM'000 (Restated)
Catering and related services	202,813	185,251
Warehousing	4,619	4,466
Logistics related services	1,194	1,329
	208,626	191,046

20. OTHER INCOME

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	47	-	47
Insurance claim	192	-	-	-
Net unrealised gain on foreign exchange	41	-	-	-
Net realised gain on foreign exchange	353	-	-	-
Rental income	8	79	-	-
Others	393	513	15	26
	987	639	15	73

21. FINANCE INCOME

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income on:				
- short-term deposits	845	154	137	35
- others	7	1	-	-
	852	155	137	35

22. FINANCE COSTS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Interest expense on:				
- term loans	5,913	5,515	5,438	5,480
- lease liabilities/ finance lease liabilities	2,105	65	16	20
- inter-company loan	-	-	196	825
- bank overdrafts	30	-	30	-
- interest on late payment	-	6	-	6
- others	342	326	-	-
	8,390	5,912	5,680	6,331

23. LOSS BEFORE TAX AND ZAKAT

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving of loss before tax and zakat:

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Auditors' remuneration:					
- Statutory audit fees					
- current year		335	443	125	180
- prior year		5	-	5	-
- Non-statutory audit fees		25	-	25	-
Depreciation on property, plant and equipment		28,585	6,884	129	178
Expenses relating to short-term leases		805	-	240	-
Expenses relating to low value assets		5	-	-	-
Impairment losses on:					
- goodwill		-	88,609	-	-
- other intangible assets		-	4,248	-	-
- investment in subsidiaries		-	-	322	51,481
- property, plant and equipment		-	140	-	-
- trade and other receivables		291	2,714	411	-
Loss on disposal of investment in a joint venture		10,237	-	11,614	-
Net realised (gain)/loss on foreign exchange		(353)	132	-	-

23. LOSS BEFORE TAX AND ZAKAT (continued)

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving of loss before tax and zakat: (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Net unrealised loss on foreign exchange		(41)	69	-	-
Provision for utilities claims and disputes		-	6,000	-	-
Rental expense on:					
- Plant, machinery and equipment		-	1,398	-	-
- Land and buildings		-	21,067	-	246
- Motor vehicles		-	612	-	-
Reversal of impairment losses on trade receivables		(3,730)	(139)	-	-
Deposits written off		37	-	-	-
Inventories written off		-	58	-	-
Property, plant and equipment written off		13	1,057	-	-
Bad debts written off		5	-	5	-
Employee benefits expense	24	94,402	92,923	1,237	1,453

24. EMPLOYEE BENEFITS EXPENSE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Salaries, bonus and other benefits	86,336	84,610	1,211	1,409
Defined contribution plan	8,066	8,313	26	44
	94,402	92,923	1,237	1,453

24. EMPLOYEE BENEFITS EXPENSE (continued)

Included in employee benefits expense are:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive director				
- Fees	72	72	72	72
- Other emoluments	1,448	1,449	660	661
Non-executive directors				
- Fees	261	323	261	323
- Other emoluments	7	10	2	11
	1,788	1,854	995	1,067

25. INCOME TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) for the financial years ended 31 December 2019 and 31 December 2018 are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	220	-	-	-
- Under provision in prior financial year	-	1	-	-
	220	1	-	-
Deferred tax:				
- Origination and reversal of temporary differences	2,532	(4,627)	-	-
- Under/(Over) provision in prior financial year	2,660	(526)	-	-
	5,192	(5,153)	-	-
Income tax expense/(credit) recognised in profit or loss	5,412	(5,152)	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

25. INCOME TAX EXPENSE/(CREDIT) (continued)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before tax and zakat	(7,907)	(121,145)	(17,807)	(59,646)
Tax at Malaysian statutory income tax rate of 24% (2018: 24%)	(1,897)	(29,075)	(4,274)	(14,315)
Share of results of joint venture	(217)	(345)	-	-
Income not subject to tax	-	-	(526)	-
Non-deductible expenses	4,862	24,400	4,797	13,978
Deferred tax assets not recognised during the financial year	4	394	3	337
Under/(Over) provision of deferred tax in prior financial years	2,660	(526)	-	-
Income tax expense/(credit)	5,412	(5,152)	-	-

26. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2019	2018 (Restated)
Loss attributable to owners of the Company (RM'000)	(15,353)	(61,581)
Weighted average number of ordinary shares for basic loss per share ('000)	236,286	236,286
Basic loss per share (sen)	(6.50)	(26.06)

(b) Diluted loss per ordinary share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

Financial assets and financial liabilities at amortised cost ("AC")

	Carrying amount RM'000	AC RM'000
At 31 December 2019		
Financial assets		
Group		
Trade and other receivables, net of GST refundable and prepayments	59,549	59,549
Cash and short-term deposits	44,725	44,725
	104,274	104,274
Company		
Other receivable	2,699	2,699
Cash and short-term deposits	12,058	12,058
	14,757	14,757
Financial liabilities		
Group		
Trade and other payables	(78,014)	(78,014)
Loans and borrowings	(95,982)	(95,982)
	(173,996)	(173,996)
Company		
Other payables	(18,229)	(18,229)
Loans and borrowings	(73,327)	(73,327)
	(91,556)	(91,556)

27. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM'000	AC RM'000
At 31 December 2018		
Financial assets		
Group		
Trade and other receivables, net of GST refundable and prepayments	47,964	47,964
Cash and short-term deposits	19,799	19,799
	67,763	67,763
Company		
Other receivables, net of prepayments	2,895	2,895
Cash and short-term deposits	1,941	1,941
	4,836	4,836
Financial liabilities		
Group		
Trade and other payables	(68,144)	(68,144)
Loans and borrowings	(75,443)	(75,443)
	(143,587)	(143,587)
Company		
Other payables	(15,676)	(15,676)
Loans and borrowings	(68,682)	(68,682)
	(84,358)	(84,358)

(b) Financial risk management

The Group’s and the Company’s activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group’s and the Company's overall financial risk management objective is to optimise value for their shareholders.

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

The management has a credit policy in place to monitor and minimise the exposure of default by dealing exclusively with high credit rating counterparties.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

<u>Credit risk concentration profile</u>

The Group determines concentrations of credit risk by monitoring the profile of its trade receivables on an ongoing basis. As at the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances arising from the amount due from 3 (2018: 3) customers representing approximately 58% (2018: 48%) of the total trade receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The information about the credit risk exposure on the Group's trade receivables using the provision matrix are as follows:

	Expected credit loss rate %	Gross carrying amount at default RM'000	Impairment losses RM'000
Group			
At 31 December 2019			
Trade receivables			
Current	0.28%	30,734	84
>30 days past due	0.00%	1,951	-
>60 days past due	0.00%	449	-
>90 days past due	0.00%	509	-
>120 days past due	4.10% - 9.28%	1,609	139
		35,252	223
Individually assessed		24,941	2,754
Total		60,193	2,977
At 31 December 2018			
Trade receivables			
Current	0.04% - 8.04%	30,042	281
>30 days past due	0.04% - 8.04%	9,456	181
>60 days past due	0.05% - 21.06%	5,037	133
>90 days past due	0.08% - 59.42%	1,335	41
>120 days past due	0.21% - 100%	4,039	3,115
		49,909	3,751
Individually assessed		3,035	3,035
Total		52,944	6,786

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider 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 and the Company compare 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 supportive forward-looking information.

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.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low risk and did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.10(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables and loans and borrowings.

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		I------------------ Contractual cash flows ------------------I			
Group	**Carrying amount RM'000**	**On demand or within 1 year RM'000**	**Between 1 and 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
At 31 December 2019					
Trade and other payables	78,014	76,661	1,353	-	78,014
Lease liabilities	18,798	15,601	3,649	1,612	20,862
Term loans	77,184	81,057	-	-	81,057
	173,996	173,319	5,002	1,612	179,933
At 31 December 2018					
Trade and other payables	68,144	66,484	1,660	-	68,144
Finance lease liabilities	3,411	641	3,440	-	4,081
Term loans	71,445	82,019	-	-	82,019
Bank overdrafts	587	587	-	-	587
	143,587	149,731	5,100	-	154,831
Company					
At 31 December 2019					
Other payables	18,229	17,109	1,120	-	18,229
Lease liabilities	272	82	214	-	296
Term loans	73,055	76,928	-	-	76,928
	91,556	94,119	1,334	-	95,453
At 31 December 2018					
Other payables	15,676	13,996	1,680	-	15,676
Finance lease liabilities	345	82	307	-	389
Term loans	67,750	78,324	-	-	78,324
Bank overdrafts	587	587	-	-	587
	84,358	92,989	1,987	-	94,976

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency).

Sensitivity analysis for foreign currency risk
Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit/loss after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk
Interest bearing financial liabilities of the Group and of the Company are exposed to changes in market interest rates. However, the volatility of these interest rates is considered low, and hence, sensitivity analysis is not presented.

27. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of floating rate loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between Level 1 and Level 2 during the financial year (31.12.2018: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM'000	Fair value of financial instruments not carried at fair value Level 2 RM'000
Group		
31 December 2019		
Financial liabilities		
Term loan	4,129	4,129
31 December 2018		
Financial liabilities		
Term loan	3,695	3,695
Finance lease liabilities	3,411	3,390
Company		
31 December 2018		
Financial liabilities		
Finance lease liabilities	345	340

28. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures

	Group	
	2019	2018
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	2,627	663

29. BANK GUARANTEES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank guarantee facilities in favor of third party creditors	24,979	23,098	1,600	600

The Group and the Company are exposed to credit risk in relation to bank guarantee given to certain parties for services render to the Group and the Company. The maximum exposure to credit risks amounts to RM24.979 million and RM1.600 million respectively (2018: RM23.098 million and RM0.600 million respectively) representing the maximum amount the Group and the Company could pay if the guarantee is called.

The bank guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as securities to the parties for their services rendered to the Group and the Company.

30. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries as disclosed in Note 6;
(ii) Corporate shareholders of subsidiaries and their related companies;
(iii) Joint venture as disclosed in Note 7;
(iv) Entities in which the directors have substantial financial interests;
(v) Key management personnel of the Group and of the Company, comprises persons (including directors) having the authority and responsibility for planning, diversifying and controlling the activities directly or indirectly.

30. RELATED PARTIES (continued)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Subsidiaries				
- Interest expense	-	-	196	825
Joint venture				
- Management fees received	(305)	(368)	(305)	(368)
- Dividend income	-	-	(2,190)	-
Corporate shareholder of a subsidiary				
- Sales of goods and services	(141,654)	(130,502)	-	-
- Expenses charged:				
- Rental	22,525	22,266	-	-
- Supply of water	16,566	16,231	-	-
- Electricity	3,040	3,632	-	-
Company related to a corporate shareholder of a subsidiary				
- Consultation services charged	3,654	1,877	-	-
Entities in which a director has substantial financial interests				
- Purchase of supplies	14	401	-	-

(c) Compensation of key management personnel

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Short-term employee benefits	2,016	3,057	732	733
Post-employment employee benefits	168	347	-	-
	2,184	3,404	732	733

31. COMPARATIVE FIGURES

(a) The following comparative figures have been reclassified in the statement of financial position and statement of comprehensive income of the Group:

Group	As previously classified RM'000	Note	Reclassification RM'000	As reclassified RM'000
2018				
Statement of Financial Position				
Current assets				
Trade and other receivables	56,776	(i)	(5,115)	51,661
Cash and short-term deposits	14,684	(i)	5,115	19,799
Non-current liabilities				
Loans and borrowings	4,409	(ii)	(1,660)	2,749
Other payable	-	(ii)	1,660	1,660
Current liabilities				
Loans and borrowings	73,657	(ii)	(963)	72,694
Trade and other payables	65,521	(ii)	963	66,484
Statement of Comprehensive Income				
Cost of sales	155,356	(iii)	35,690	191,046
Administrative expenses	122,441	(iii)	(35,690)	86,751
Statement of Cash Flows				
Net cash from operating activities	2,793		1,969	4,762
Net cash used in investing activities	(1,396)		(2,761)	(4,157)
Net cash (used in)/from financing activities	(18)		792	774

The reclassifications relate to the following matters:

(i) Deposits of a subsidiary classified as trade and other receivables in previous financial year has been reclassified to cash and short-term deposits in the current financial year.

(ii) Other payables of a subsidiary classified as finance lease liabilities in previous financial year has been reclassified to trade and other payables in the current financial year.

(iii) Cost of sales of a subsidiary classified as administrative expenses in previous financial year has been reclassified to cost of sales in the current financial year.

31. COMPARATIVE FIGURES (continued)

(b) Retrospective adjustment

The Group prepares its consolidated financial statements to account for business combinations in accordance with its accounting policies. Goodwill on consolidation is determined to be the excess of fair value of consideration transferred and the amount of non-controlling interests at fair value of the acquiree's identifiable net assets, less the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date. As an impairment of goodwill in prior year has not been attributed to non-controlling interests in prior year, a retrospective adjustment has been made in the financial statements. Accordingly, the financial statements of the Group for the financial year ended 31 December 2018 have been restated to account for the impairment loss on goodwill as loss attributable to the non-controlling interests.

The following retrospective adjustment has been made:

Group	As previously stated RM'000	Adjustment RM'000	As restated RM'000
2018			
Statement of Financial Position			
Equity attributable to owners of the Company			
Accumulated losses	(275,946)	43,418	(232,528)
Non-controlling interests	132,395	(43,418)	88,977
Statement of Comprehensive Income			
(Loss)/Profit attributable to:			
Owners of the Company	(104,999)	43,418	(61,581)
Non-controlling interests	(10,994)	(43,418)	(54,412)
	(115,993)	-	(115,993)
income attributable (loss)/profit attributable to:			
Owners of the Company	(104,999)	43,418	(61,581)
Non-controlling interests	(10,994)	(43,418)	(54,412)
	(115,993)	-	(115,993)
Loss per share (sen)			
- Basic/Diluted	(44.44)		(26.06)

The retrospective adjustment does not have any effect to the statement of financial position for the financial year ended 31 December 2017.

31. COMPARATIVE FIGURES (continued)

(c) The financial statements of the Group and of the Company for the financial year ended 31 December 2018 were audited by another firm of Chartered Accountants whose report dated 9 April 2019 expressed an unmodified opinion with the inclusion of material uncertainty related to going concern on those financial statements as disclosed below:

"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.

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 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."

32. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that it will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company 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 and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt comprises loans and borrowings and trade and other payables, less cash and short-term deposits whereas total equity comprises the equity attributable to owners of the Company. The debt-to-equity ratio of the Group and the Company at the end of the reporting period was as follows:

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Trade and other payables	17	78,014	68,144	18,229	15,676
Loans and borrowings	15	95,982	75,443	73,327	68,682
Less: Cash and short-term deposits	13	(44,725)	(19,799)	(12,058)	(1,941)
Net debts		129,271	123,788	79,498	82,417
Total equity		111,215	124,715	22,413	40,220
Debt-to-equity ratio		116%	99%	355%	205%

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 2019 as adequate provision had been made in the financial statements.

34. SEGMENT INFORMATION

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

Segments	Products and services
Warehousing and loogistic related services	Providing bonded warehousing, freight forwarding and transportation services and insurance agency.
Catering services	Catering and other related services.
Investment holding	Provision of management services

34. SEGMENT INFORMATION (continued)

	Warehousing and logistic related services RM'000	Catering services RM'000	Investment holding RM'000	Adjustments and eliminations RM'000	Total RM'000
2019					
Revenue:					
Revenue from external customers	7,712	297,781	2,495	(2,190)	305,798
Total revenue	7,712	297,781	2,495	(2,190)	305,798
Results:					
Included in the measure of segment profit/(loss) are:					
Segment result	541	10,206	(12,392)	373	(1,272)
Finance income	202	708	138	(196)	852
Finance costs	(62)	(2,352)	(6,172)	196	(8,390)
Share of results of a joint venture	-	-	-	903	903
Profit/(Loss) before tax and zakat	681	8,562	(18,426)	1,276	(7,907)
Income tax expense	51	(5,463)	-	-	(5,412)
Zakat	-	(181)	-	-	(181)
Net profit/(loss) for the financial year	732	2,918	(18,426)	1,276	(13,500)
Assets:					
Segments assets	32,573	153,388	139,669	(26,947)	298,683
Liabilities					
Segments liabilities	3,096	84,833	136,807	(37,268)	187,468
Other segment information:					
Capital expenditure	598	4,257	-	-	4,855
Depreciation of property, plant and equipment	1,046	27,182	357	-	28,585
Impairment losses on:					
- investment in subsidiaries	-	-	322	(322)	-
- trade and other receivables	108	171	423	(411)	291
Loss on disposal of investment in a joint venture	-	-	10,237	-	10,237
Net unrealised gain on foreign exchange	-	-	(353)	-	(353)
Reversal of impairment losses on trade receivables	(298)	(3,432)	-	-	(3,730)
Deposits written off	-	-	37	-	37
Property, plant and equipment written off	13	-	-	-	13
Bad debts written off	-	-	5	-	5

34. SEGMENT INFORMATION (continued)

	Warehousing and logistic related services RM'000	Catering services RM'000	Investment holding RM'000	Adjustments and eliminations RM'000	Total RM'000
2018					
Revenue:					
Revenue from external customers	8,311	265,592	368	-	274,271
Total revenue	8,311	265,592	368	-	274,271
Results:					
Included in the measure of segment profit/(loss) are:					
Segment result	1,307	(22,910)	(53,844)	(41,377)	(116,824)
Finance income	-	942	862	(1,649)	155
Finance costs	(26)	(369)	(7,166)	1,649	(5,912)
Share of results of a joint venture	-	-	-	1,436	1,436
Profit/(Loss) before tax	1,281	(22,337)	(60,148)	(39,941)	(121,145)
Income tax (expense)/credit	(116)	5,268	-	-	5,152
Net profit/(loss) for the financial year	1,165	(17,069)	(60,148)	(39,941)	(115,993)
Assets:					
Segments assets	33,130	127,677	201,740	(80,962)	281,585
Liabilities					
Segments liabilities	2,237	62,359	88,288	3,986	156,870
Other segment information:					
Capital expenditure	648	12,258	-	-	12,906
Depreciation of property, plant and equipment	1,004	5,628	180	72	6,884
Impairment losses on:					
- goodwill	-	88,609	-	-	88,609
- intangible assets	-	-	4,248	-	4,248
- investment in subsidiary	-	-	51,481	(51,481)	-
- property, plant and equipment	-	-	140	-	140
- trade and other receivables	-	2,704	10	-	2,714
Net unrealised loss on foreign exchange	-	-	69	-	69
Provision for utilities claims and disputes	-	6,000	-	-	6,000
Reversal of impairment losses on trade receivables	(139)	-	-	-	(139)
Inventories written off	-	58	-	-	58
Property, plant and equipment written off	-	1,057	-	-	1,057

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 RM141,654,000 (2018: RM130,502,000) arose from sales of the catering services segment.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 28 February 2019, the Board of Directors of the Company announced that the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Hence, the Company is considered a PN17 Company.

(b) On 29 November 2019, the Company entered into a Sale and Purchase of Shares Agreement with HMSHost International B.V. ("HMSH") for the disposal of its entire equity interest in Dewina Host Sdn. Bhd. ("DHSB"), comprising 178,500 ordinary shares representing 51% equity interest in DHSB, to HMSH for a total cash consideration of RM7,987,000 (equivalent to EUR1,744,000).

36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 4 March 2020, OCBC Al-Amin Bank Berhad has indicated that it will withhold any legal action to recover the repayment of the entire outstanding loan amount of RM73.1 million until 31 August 2020 subject to the following:

i. Obtained the approval from Bursa Securities by 30 April 2020 for the extension of time until 31 August 2020 for its submission of the comprehensive regularisation plan;

ii. Disposal of its interest in a subsidiary, Tamadam Industries Sdn. Bhd. ("Tamadam") for more than RM29 million as a payment of redemption sum to OCBC Al-Amin Bank Berhad;

iii. Submission of the comprehensive regularisation plan which address the PN17 status of the Company and the full settlement of the outstanding loans for OCBC Al-Amin Bank Berhad's approval by 30 April 2020; and

iv. A monthly update on the progress of the proposed disposal of Tamadam and the proposed regulation commencing 31 March 2020.

(b) On 16 March 2020, the Board of Directors of the Company announced that Bursa Securities decided to grant the Company an extension of time until 27 August 2020 for the Company to submit its Regularisation Plan to the relevant authorities.

(c) **Coronavirus outbreak**

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (continued)

(c) **Coronavirus outbreak** (continued)

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's and the Company's sales, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

(d) On 26 March 2020, Bursa Securities announced that in view of the on-going Movement Control Order imposed arising from the COVID-19 pandemic, PN17 companies whose First Announcement was made between 2 January 2019 to 31 December 2019 will be allowed to submit their regularisation plans within 24 months (instead of 12 months) from the date of the First Announcement. Consequently, the Company now has extension until 27 February 2021 to submit its regularisation plan.

134

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, do hereby state that in the opinion of the directors, the accompanying financial statements set out on page 44 to 133 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………………………
DATO' SERI IBRAHIM BIN HAJI AHMAD
Director

…………………………………………………
DATO' CHOO KAH HOE
Director

Kuala Lumpur

Date: 26 June 2020

STATUTORY DECLARATION

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

I, **MOHD FADHLI BIN ABDUL RAHMAN,** being the officer primarily responsible for the financial management of Brahim's Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on page 44 to 133 are 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 Membership No.: 44302

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in Malaysia on 26 June 2020.

Before me,

INDEPENDENT AUDITORS' REPORT

To the Members of Brahim's Holdings Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Brahim's Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 133.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

1. As disclosed in Note 8(b) to the financial statements, the carrying amount of the goodwill of the Group amounting to RM102.2 million is in relation to the cash generating units ("CGU") of the catering and related services. The goodwill is tested for impairment annually. This assessment requires the exercise of significant judgement by the directors in the recoverable amount calculation. The assumptions supporting the cash flow forecast and projection, including the forecast growth rates and gross profit margin by their very nature depending on the economic situation and outlook of the aviation industry. The Company is of the view that no impairment is required for the goodwill arising from this CGU.

   We were unable to obtain sufficient appropriate audit evidence in relation to key assumptions used in determining the recoverable amount of the goodwill. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group.

Basis for Qualified Opinion (continued)

2. As disclosed in Note 6(a) to the financial statements, investment in subsidiaries of the Company as at 31 December 2019 amounted to RM99.0 million. Included in the carrying amount of investment in subsidiaries is an investment of RM69.5 million in a subsidiary which is engaged in the business of providing catering and catering related services. The Company is of the view that no impairment is required for the investment in subsidiaries.

   We were unable to obtain sufficient appropriate audit evidence on the recoverable amount of the investment in subsidiaries. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Company.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.7 to the financial statements, which disclosed that the Group and the Company incurred a net loss of RM13.5 million and RM17.8 million respectively during the financial year ended 31 December 2019 and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM62.7 million and RM78.2 million respectively. These events and conditions, along with the other matters as set forth in Note 2.7 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 qualified opinion is not modified in respect of this matter.

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 financial 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. In addition to the matters described in the *Basis for Qualified Opinion* and Material Uncertainty Related to Going Concern section, we have determined the matters below to be the key audit matters to be communicated in our report.

Group

Deferred tax assets (Notes 4(a) and 10 to the financial statements)

As at 31 December 2019, the Group has recognised deferred tax assets for unused tax losses, unabsorbed capital allowance and deductible temporary differences that it believes are recoverable. The recoverability of recognised deferred tax assets is dependent on the Group's ability to generate future taxable profits sufficient to be utilised against the unused tax losses, unabsorbed capital allowance and the deductible temporary differences.

We focused on this area because the realisation of these deferred tax assets is often dependent on future taxable profits and there are inherent uncertainties involved in projecting the amount.

Our response:

Our audit procedures focus on evaluating the profit projections and the Group's projection procedures which included, among others:

- comparing the actual results with previous budget;
- reviewing the profit projections by comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs;
- testing the mathematical accuracy of the profit projection calculation; and
- performing a sensitivity analysis around the key inputs.

Key Audit Matters (continued)

Group (continued)

Trade receivables (Notes 4(b), 11 and 27(b)(i) to the financial statements)

The Group has significant trade receivables as at 31 December 2019 which include certain amounts which are long outstanding. We focused on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of expected credit losses as at the end of the reporting period.

Company

We have determined that there are no key audit matters to be communicated in our report which arise from the audit of the financial statements of the Company.

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 directors' report and statement on risk management and internal control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the other information to be included in the Annual Report, which are expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Due to the matter described in the *Basis for Qualified Opinion* paragraphs, we are unable to conclude whether or not the other information is materially misstated with respect to those matters.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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 and the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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:

- 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.
- 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.
- 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.
- 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 financial year and are therefore the key audit matter. 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:

(i) in our opinion, the accounting and other records for the matter as described in the *Basis for Qualified Opinion* section have not been properly kept by the Company in accordance with the provision of the Companies Act 2016 in Malaysia.

(ii) in our opinion, we have not obtained all the information and explanations that we required.

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2018 were audited by another firm of Chartered Accountants whose report dated 9 April 2019 expressed an unmodified opinion with the inclusion of material uncertainty related to going concern on those financial statements as disclosed in Note 31(c) to the financial statements.

2. 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Boon Hiang
No. 02916/03/2022 J
Chartered Accountant

Kuala Lumpur

Date: 26 June 2020

144

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	22,113,000	Tamadam Industries Sdn. Bhd./ 1 November 1991	20 years

ANALYSIS OF SHAREHOLDINGS

As at 24 June 2020

Issued Share Capital : 236,285,500 ordinary shares
Class of Shares : Ordinary shares
Voting Rights : one (1) vote for ordinary share
Number of shareholders : 4,012

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 – 99	151	3.76	5,074	0.00
100 – 1,000	951	23.70	719,684	0.30
1,001 – 10,000	1,920	47.86	9,423,242	3.99
10,001 – 100,000	855	21.31	28,979,450	12.27
100,001 – 11,814,274 *	129	3.22	61,999,600	26.24
11,814,275 and above **	6	0.15	135,158,450	57.20
TOTAL	**4,012**	**100.00**	**236,285,500**	**100.00**

* Less than 5% of issued shares capital
** 5% and above of issued shares capital

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	0.44	71,005,000[3]	30.05
3.	Dato' Choo Kah Hoe	-	-	25,000,000[4]	10.58
4.	Professor Dr. Jinap Binti Salamet	-	-	-	-
5.	Kamil Bin Dato' Haji Abdul Rahman	-	-	-	-
6.	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	0.44	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 24 JUNE 2020

No.	Name	No. of shares held	%
1.	Citigroup Nominees (Tempatan) Sdn. Bhd. Urusharta Jamaah Sdn. Bhd. (1)	45,553,450	19.28
2.	IBH Capital (Labuan) Limited	25,000,000	10.58
3.	Brahim's International Frachises 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.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Brahim's International Franchises Sdn. Bhd.	6,400,000	2.71
8.	Sharifah Bahiyah Binti Wan Omar	5,777,300	2.45
9.	Nur Fatin Binti Ibrahim	3,460,000	1.46
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chang Sew Lean	2,133,900	0.90
11.	Chai Yune Loong	1,643,200	0.70
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Yuk Gie	1,631,200	0.69
13.	Tan Ching Ling	1,453,900	0.62
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ab Razak Bin Ali	1,412,100	0.60
15.	Sharifah Bahiyah Binti Wan Omar	1,320,600	0.56
16.	Wan Omar Bin Wan Ahmad	1,280,900	0.54
17.	Tan Puay Cheng	1,231,700	0.52
18.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Vicknaraj A/L Thanarajah (E-SJA)	1,200,200	0.51
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Jeyasilan A/L Karpudewan	1,052,600	0.45
20.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Ibrahim bin Mohd Zain (Margin)	1,050,000	0.44
21.	Ng Khea Chuan	1,018,000	0.43
22.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Renesas Semiconductor (M) Sdn. Bhd. (JF290)	1,000,000	0.42
23.	Lee Tong Seng	1,000,000	0.42
24.	Ayob Bin Mohd Abas	825,200	0.35
25.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Batu Bara Resources Corporation Sdn. Bhd.	810,000	0.34
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	800,000	0.34
27.	Yu Kok Ann	700,000	0.30
28.	Haridan Bin Johari	657,000	0.28
29.	Othman Bin Mohd Noor	600,100	0.25
30.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Siew Wah	590,000	0.25
	Total	174,206,350	73.73

NOTICE OF 38TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 38th 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, 22 August 2020 at 9.00 a.m. for the following purposes:

1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2019 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 RM332,645.00 for the financial year ended 31 December 2019.	**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 23 August 2020 until the next Annual General Meeting.	**Ordinary Resolution 2**
4.	To re-elect the following Directors who retire in accordance with Clause 95 of the Company's Constitution: (i) Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain (ii) Dato' Choo Kah Hoe	 **Ordinary Resolution 3** **Ordinary Resolution 4**
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT (AF 0117) as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**
	Special Business To consider and, if thought fit, to pass the following ordinary resolutions with or without modification:	
6.	**AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** "THAT subject to 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 6**
7.	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 (SSM PC No. 202008001081)
TAN KOK SIONG (SSM PC No. 202008001592)
Company Secretaries

Kuala Lumpur

Dated: 30 June 2020

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 not more than two (2) proxies 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 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, 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, 14 August 2020.

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 340(1) 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 38th AGM ("Annual General Meeting") on the Directors' remuneration in two (2) separate resolutions as below:

- Resolution 1 on payment of Directors' fees for the year ended 31 December 2019; and

- Resolution 2 on payment of Directors' Remuneration (excluding Directors' Fees) payable to Directors for the financial period from 23 August 2020 until the next AGM.

The payment of the Directors' Fees in respect of the financial year ended 31 December 2019 will only be made if the proposed Resolution 1 has been passed at the 38th 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 and 4

Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain and Dato' Choo Kah Hoe are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 38th AGM.

The Board has through the Nomination Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

Ordinary Resolution 6 - Authority to Issue Shares

The proposed Ordinary Resolution 6, if passed, will empower the Directors from the date of this AGM, to issue and allot up to a maximum of 10% of the total number of 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 AGM 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 AGM. The previous mandate was not utilised and accordingly no proceeds were raised.

**Note: Please refer to the Administrative Guide attached to the Notice of the 38th AGM on the details pertaining to the precautionary measures taken by the Company, as part of the initiatives to curb the spread of the Coronavirus Disease (COVID-19) outbreak.*

ADMINISTRATIVE GUIDE

Date	Time	Meeting Venue
22 August 2020 (Saturday)	9.00 a.m.	Dataran Canseloria, Universiti Kebangsaan Malaysia, 43600, Bangi, Selangor Darul Ehsan.

CORONAVIRUS DISEASE (COVID-19) OUTBREAK

With the outbreak of Coronavirus Disease ("COVID-19") and as part of the safety measures to curb the spread of COVID-19 pandemic, the Company will be taking precautionary measures for the 38TH Annual General Meeting ("**38th AGM**") as the safety of our Shareholders, Directors, staffs and other stakeholders who will attend the 38th AGM is of paramount importance to us.

PRE-REGISTRATION

Further to the revised "Guidance and FAQs on the Conduct of General Meetings for Listed Issuers" issued by the Securities Commission of Malaysia on 24 June 2020, Shareholders are required to register ahead of the 38th AGM to allow the Company to make the necessary arrangements to accommodate the meeting participants. In view thereof, Shareholders who wish to attend the 38th AGM in person are require to pre-register by providing the below details by e-mail to nur.shaykila@boardroomlimited.com:

(i) Full Name;
(ii) Identity Card or Passport number;
(iii) Contact number (optional – for better co-ordination); and
(iv) CDS account number

After verifying your registration against the Record of Depositors as at 14 August 2020, the Company's Share Registrar will send you an email on or after 18 August 2020 to approve or reject your registration to attend physically at the Meeting Venue.

GENERAL MEETING RECORD OF DEPOSITORS

Please note that only a Depositor whose name appears on the Record of Depositors as at 14 August 2020 shall be entitled to attend or appoint proxies to attend and/or vote on his/her behalf at the 38th AGM.

PROXY

1. We strongly encourage members to appoint the Chairman of the 38th AGM as their proxy to attend and vote at the 38th AGM.

2. To vote on any or all of the resolutions at the 38th AGM, you are encouraged to send in your votes in advance by proxy and appoint the Chairman as your proxy. The proxy form is attached to the Notice of 38th AGM.

ATTENDING THE 38TH AGM

3. In order to minimise the risk of community spread of COVID-19, the Company will be taking the following precautionary measures at the 38th AGM:

   a. All attendees will be required to undergo a temperature check and make a health declaration;
   b. Any person who has fever or exhibits flu-like symptoms will not be permitted to attend the 38th AGM; and
   c. There will be no door gift and refreshment served at the 38th AGM.

4. On the seating arrangement and number of individuals to be present at the venue, the Company will observe the directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council, and other relevant authorities to curb the spread of COVID-19.

ENQUIRY

If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.00 p.m. (Monday to Friday):

For Agenda of the 38th AGM related:

Name	:	Dzamir Elyas
Telephone No.	:	+603-20720730
Email	:	investor@brahimsgroup.com

For Pre-Registration:
Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony, No. 5
Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia

Name	:	Nur Shaykila Md Harris
Telephone No.	:	+603-78904703
Fax No.	:	+603-78904670
Email	:	nur.shaykila@boardroomlimited.com

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate and comply with any requirements or recommendation of any government agencies from time to time.

Kindly check the Company's website or announcements from time to time for the latest updates on the status or changes to the 38th AGM's arrangement.

The Company seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of COVID-19.

Brahim's®

Brahim's Holdings Berhad
198201002985 (82731-A) (Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	CDS Account No.

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

of ………

being a Member(s) of **BRAHIM'S HOLDINGS BERHAD** [Registration No. 198201002985 (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 38th Annual General Meeting of the Company to be held at Dataran Canseloria, Universiti Kebangsaan Malaysia, 43600 Bangi Selangor Darul Ehsan on Saturday, 22 August 2020 at 9.00 a.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 Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain as Director.	Ordinary Resolution 3		
4.	To re-elect Dato' Choo Kah Hoe as Director.	Ordinary Resolution 4		
5,	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT (AF0117) as Auditors.	Ordinary Resolution 5		
6.	Authority to issue shares pursuant to the Companies Act 2016.	Ordinary Resolution 6		

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 ……….................. 2020

……………………………………...........……
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 not more than two (2) proxies 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 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, 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, 14 August 2020.

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PLEASE
AFFIX
STAMP

The Share Registrar
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

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Brahim’s Holdings Berhad 198201002985 (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