**BRAHIM'S HOLDINGS BERHAD**
198201002985 (82731–A)
(Incorporated in Malaysia)

# REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

*Registration No. 198201002985 (82731–A)*

**BRAHIM'S HOLDINGS BERHAD**
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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**BRAHIM'S HOLDINGS BERHAD**
(Incorporated in Malaysia)

## DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## 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 | (47,642) | (6,786) |
| Attributable to: | | |
| Owners of the Company | (11,275) | (6,786) |
| Non-controlling interests | (36,367) | - |
| | (47,642) | (6,786) |

## 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 2021.

## 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, other than as disclosed in Note 2.7 to financial statements, 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, the Company issued 70,885,600 new ordinary shares at a price of RM0.16 per ordinary share for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in respects with the existing ordinary shares of the Company.

No new issue of 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' Seri Ibrahim Bin Haji Ahmad* | |
| Ahmad Fahimi Bin Ibrahim* (Alternate Director to Dato' Seri Ibrahim Bin Haji Ahmad) | |
| Professor Dr. Jinap Binti Salamet | |
| Mejar Dato' Ismail bin Ahmad | |
| Mohamed Zamry Bin Mohamed Hashim | (Appointed on 1 September 2021) |
| Yee Yit Yang | (Appointed on 27 December 2021) |
| Kamil Bin Dato' Haji Abdul Rahman* | (Demised on 2 June 2021) |
| Dato' Choo Kah Hoe* | (Resigned on 15 October 2021) |
| Tay Ben Seng, Benson | (Resigned on 27 December 2021) |

* Directors of the Company and certain subsidiaries

**BRAHIM'S HOLDINGS BERHAD**
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**DIRECTORS' REPORT** (continued)

**DIRECTORS** (continued)

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 | |
| Foong Chee Yeong | |
| Mohd Azharuddin Bin Mat Sah | |
| 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 | |
| Abdul Offar Bin Musa | (Appointed on 12 August 2021) |
| Ng Darren Daniel | (Appointed on 12 August 2021) |
| Philip See Yew Jin | (Appointed on 14 July 2021) |
| Dato Mohd Khalis Bin Abdul Rahman | (Resigned on 1 April 2021) |
| Kamarudin Bin Kamilin | (Resigned on 1 April 2021) |
| Dzamir Bin Elyas | (Resigned on 12 August 2021) |

**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 1.1.2021** | **Bought** | **Sold** | **At 31.12.2021** |
| **Direct interests:** | | | | |
| Dato' Seri Ibrahim Bin Haji Ahmad | - | 17,720,000 | - | 17,720,000 |
| **Indirect interests:** | | | | |
| Dato' Seri Ibrahim Bin Haji Ahmad* | 58,253,300 | - | - | 58,253,300 |
| 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 is 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' REPORT** (continued)

## 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 22 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 AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 32 to the financial statements.

## AUDITORS

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

The details of auditors' remuneration are disclosed in Note 21 to the financial statements.

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

**DIRECTORS' REPORT** (continued)

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

……………………………………………………….
**MOHAMED ZAMRY BIN MOHAMED HASHIM**
Director

Date: 29 April 2022

**BRAHIM'S HOLDINGS BERHAD**
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## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5 | 174,030 | 37,620 | 2 | 74 |
| Investment in subsidiaries | 6 | - | - | 99,016 | 99,016 |
| Goodwill | 7 | 84 | 84 | - | - |
| Trade and other receivables | 9 | - | - | - | - |
| **Total non-current assets** | | 174,114 | 37,704 | 99,018 | 99,090 |
| **Current assets** | | | | | |
| Inventories | 8 | 2,411 | 3,304 | - | - |
| Tax assets | | 967 | 857 | - | - |
| Trade and other receivables | 9 | 13,689 | 11,602 | 10,381 | - |
| Cash and short-term deposits | 10 | 5,251 | 11,436 | 2,100 | 2,125 |
| **Total current assets** | | 22,318 | 27,199 | 12,481 | 2,125 |
| **TOTAL ASSETS** | | 196,432 | 64,903 | 111,499 | 101,215 |

**BRAHIM'S HOLDINGS BERHAD**
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**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021** (continued)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2021** | **2020** | **2021** | **2020** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 11 | 279,607 | 268,266 | 279,607 | 268,266 |
| Accumulated losses | | (366,185) | (354,910) | (264,007) | (257,221) |
| | | (86,578) | (86,644) | 15,600 | 11,045 |
| **Non-controlling interests** | | (76,785) | (40,418) | - | - |
| **(CAPITAL DEFICIENCY)/ TOTAL EQUITY** | | (163,363) | (127,062) | 15,600 | 11,045 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 12 | 156,298 | 2,972 | 51 | 128 |
| Deferred tax liabilities | 13 | 2,644 | 9,601 | - | - |
| Other payables | 14 | 1,291 | 2,050 | 1,120 | 1,120 |
| **Total non-current liabilities** | | 160,233 | 14,623 | 1,171 | 1,248 |
| **Current liabilities** | | | | | |
| Loans and borrowings | 12 | 83,735 | 81,154 | 78,230 | 75,422 |
| Provisions | 15 | 7,462 | 7,462 | - | - |
| Tax liabilities | | 22 | 55 | - | - |
| Trade and other payables | 14 | 108,343 | 88,671 | 16,498 | 13,500 |
| **Total current liabilities** | | 199,562 | 177,342 | 94,728 | 88,922 |
| **TOTAL LIABILITIES** | | 359,795 | 191,965 | 95,899 | 90,170 |
| **TOTAL EQUITY AND LIABILITIES** | | 196,432 | 64,903 | 111,499 | 101,215 |

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

**BRAHIM'S HOLDINGS BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2021** | **2020** | **2021** | **2020** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 16 | 33,572 | 82,389 | - | - |
| Cost of sales | 17 | (26,753) | (89,628) | - | - |
| **Gross profit/(loss)** | | 6,819 | (7,239) | - | - |
| Other income | 18 | 155 | 673 | 10 | - |
| Administrative expenses | | (48,805) | (75,090) | (2,205) | (2,352) |
| Impairment losses on financial instruments | 21 | (245) | (11,591) | - | (3,045) |
| Reversal of impairment losses on financial instruments | 21 | 1,957 | 561 | 30 | - |
| Other expenses | | | | | |
| - Impairment losses on goodwill | | - | (102,270) | - | - |
| - Impairment losses on property, plant and equipment | | - | (9,809) | - | - |
| - Others | | (1,981) | (7,701) | - | (1) |
| **Operating loss** | | (42,100) | (212,466) | (2,165) | (5,398) |
| Finance income | 19 | 114 | 359 | 38 | 30 |
| Finance costs | 20 | (12,486) | (6,707) | (4,659) | (6,000) |
| **Loss before tax** | 21 | (54,472) | (218,814) | (6,786) | (11,368) |
| Income tax credit/(expense) | 23 | 6,830 | (19,463) | - | - |
| **Total comprehensive loss for the financial year** | | (47,642) | (238,277) | (6,786) | (11,368) |
| **Loss attributable to:** | | | | | |
| Owners of the Company | | (11,275) | (107,029) | (6,786) | (11,368) |
| Non-controlling interests | | (36,367) | (131,248) | - | - |
| | | (47,642) | (238,277) | (6,786) | (11,368) |
| **Total comprehensive loss attributable to:** | | | | | |
| Owners of the Company | | (11,275) | (107,029) | (6,786) | (11,368) |
| Non-controlling interests | | (36,367) | (131,248) | - | - |
| | | (47,642) | (238,277) | (6,786) | (11,368) |
| **Loss per share (sen)** | | | | | |
| - Basic/Diluted | 24 | (3.67) | (45.30) | | |

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

**BRAHIM'S HOLDINGS BERHAD**
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**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

| | | <- Attributable to owners of the Company -> | | | Non- | Total equity/ |
|---|---|---|---|---|---|---|
| | **Note** | **Share capital RM'000** | **Accumulated losses RM'000** | **Sub-total RM'000** | **controlling interests RM'000** | **(Accumulated losses) RM'000** |
| **Group** | | | | | | |
| **At 1 January 2020** | | 268,266 | (247,881) | 20,385 | 90,830 | 111,215 |
| **Total comprehensive loss for the financial year** | | | | | | |
| Loss for the financial year, representing total comprehensive loss for the financial year | | - | (107,029) | (107,029) | (131,248) | (238,277) |
| **At 31 December 2020** | | 268,266 | (354,910) | (86,644) | (40,418) | (127,062) |
| **Total comprehensive loss for the financial year** | | | | | | |
| Loss for the financial year, representing total comprehensive loss for the financial year | | - | (11,275) | (11,275) | (36,367) | (47,642) |
| **Transaction with owners** | | | | | | |
| Issue of ordinary shares, representing total transaction with owners | 11 | 11,341 | - | 11,341 | - | 11,341 |
| **At 31 December 2021** | | 279,607 | (366,185) | (86,578) | (76,785) | (163,363) |

**BRAHIM'S HOLDINGS BERHAD**
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**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021** (continued)

| | | <- Attributable to owners of the Company -> | | |
|---|---|---|---|---|
| | **Note** | **Share capital RM'000** | **Accumulated losses RM'000** | **Total equity RM'000** |
| **Company** | | | | |
| **At 1 January 2020** | | 268,266 | (245,853) | 22,413 |
| **Total comprehensive loss for the financial year** | | | | |
| Loss for the financial year, representing total comprehensive loss for the financial year | | - | (11,368) | (11,368) |
| **At 31 December 2020** | | 268,266 | (257,221) | 11,045 |
| **Total comprehensive loss for the financial year** | | | | |
| Loss for the financial year, representing total comprehensive loss for the financial year | | - | (6,786) | (6,786) |
| **Transaction with owners** | | | | |
| Issue of ordinary shares, representing total transaction with owners | 11 | 11,341 | - | 11,341 |
| **At 31 December 2021** | | 279,607 | (264,007) | 15,600 |

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

**BRAHIM'S HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2021** | **2020** | **2021** | **2020** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Cash flows from operating activities** | | | | | |
| Loss before tax | | (54,472) | (218,814) | (6,786) | (11,368) |
| Adjustments for: | | | | | |
| Bad debts written off | | 30 | 972 | - | 1 |
| Deposits written off | | 35 | - | - | - |
| Depreciation of property, plant and equipment | | 11,606 | 21,699 | 72 | 124 |
| Finance costs | | 12,486 | 6,707 | 4,659 | 6,000 |
| Finance income | | (114) | (359) | (38) | (30) |
| Gain on disposal of property, plant and equipment | | - | (33) | - | - |
| Gain on lease termination | | (57) | - | - | - |
| Impairment losses on: | | | | | |
| - goodwill | | - | 102,270 | - | - |
| - property, plant and equipment | | - | 9,809 | - | - |
| - trade and other receivables | | 245 | 11,591 | - | 3,044 |
| Net unrealised foreign exchange loss/(gain) | | 164 | (28) | - | - |
| Reversal of impairment losses on: | | | | | |
| - trade receivables | | (1,957) | (561) | - | - |
| - amount owing by subsidiaries | | - | - | (30) | - |
| Inventories written off | | - | 1,361 | - | - |
| **Operating loss before changes in working capital** | | (32,034) | (65,386) | (2,123) | (2,229) |
| Changes in working capital: | | | | | |
| Inventories | | 893 | 3,431 | - | - |
| Trade and other receivables | | 32 | 40,297 | (29) | (345) |
| Trade and other payables | | 17,591 | 9,779 | 955 | (3,806) |
| Net cash used in operations | | (13,518) | (11,879) | (1,197) | (6,380) |
| Income tax (paid)/refunded | | (270) | 1,904 | - | - |
| Provision paid | | - | (6,002) | - | - |
| Interest received | | 114 | 359 | 38 | 30 |
| Interest paid | | (203) | (914) | (8) | (11) |
| Net cash used in operating activities | | (13,877) | (16,532) | (1,167) | (6,361) |

**BRAHIM'S HOLDINGS BERHAD**
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**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021** (continued)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cash flows from investing activities** | | | | | |
| Change in pledged deposits | | (86) | 4,628 | (38) | - |
| Proceeds from disposal of property, plant and equipment | | - | 53 | - | - |
| Purchase of property, plant and equipment | (a) | (1,250) | (2,166) | - | (2) |
| Advances to subsidiaries | | - | - | (10,322) | - |
| (Advances to)/Repayments from related parties | | (472) | 49 | - | - |
| Net cash (used in)/from investing activities | | (1,808) | 2,564 | (10,360) | (2) |
| **Cash flows from financing activities** | (b) | | | | |
| Proceeds from issuance of shares | | 11,341 | - | 11,341 | - |
| Repayments of lease liabilities | | (1,599) | (14,069) | (73) | (70) |
| Repayments of term loans | | (1,650) | (3,552) | (1,650) | (3,500) |
| Advances from a subsidiary | | - | - | 2,274 | - |
| Advances from related parties | | 1,750 | 2,928 | - | - |
| Repayments to a director | | (428) | - | (428) | - |
| Net cash from/(used in) financing activities | | 9,414 | (14,693) | 11,464 | (3,570) |
| Net decrease in cash and cash equivalents | | (6,271) | (28,661) | (63) | (9,933) |
| **Cash and cash equivalents at the beginning of the financial year** | | 8,358 | 37,019 | 276 | 10,209 |
| **Cash and cash equivalents at the end of the financial year** | 10 | 2,087 | 8,358 | 213 | 276 |

(a) Purchase of property, plant and equipment:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Purchase of property, plant and equipment | 148,471 | 2,166 | - | 2 |
| Financed by way of lease arrangements | (147,221) | - | - | - |
| Cash payments on purchase of property, plant and equipment | 1,250 | 2,166 | - | 2 |

**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021** (continued)

(b) Reconciliation of liabilities arising from financing activities:

| | 1 January 2021 RM'000 | Cash flows RM'000 | Non-cash Others RM'000 | 31 December 2021 RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Lease liabilities | 4,729 | (1,599) | 154,468 | 157,598 |
| Term loans | 79,397 | (1,650) | 4,688 | 82,435 |
| Amounts owing to related parties | 3,793 | 1,750 | - | 5,543 |
| Amount owing to a director | 6,889 | (428) | - | 6,461 |
| | 94,808 | (1,927) | 159,156 | 252,037 |
| **Company** | | | | |
| Lease liabilities | 202 | (73) | - | 129 |
| Term loans | 75,348 | (1,650) | 4,454 | 78,152 |
| Amount owing to a subsidiary | 4,857 | 2,274 | 196 | 7,327 |
| Amount owing to a director | 6,189 | (428) | - | 5,761 |
| | 86,596 | 123 | 4,650 | 91,369 |

| | 1 January 2020 RM'000 | Cash flows RM'000 | Non-cash Others RM'000 | 31 December 2020 RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Lease liabilities | 18,798 | (14,069) | - | 4,729 |
| Term loans | 77,184 | (3,552) | 5,765 | 79,397 |
| Amounts owing to related parties | 865 | 2,928 | - | 3,793 |
| Amount owing to a director | 6,889 | - | - | 6,889 |
| | 103,736 | (14,693) | 5,765 | 94,808 |
| **Company** | | | | |
| Lease liabilities | 272 | (70) | - | 202 |
| Term loans | 73,055 | (3,500) | 5,793 | 75,348 |
| Amount owing to a subsidiary | 4,661 | - | 196 | 4,857 |
| Amount owing to a director | 6,189 | - | - | 6,189 |
| | 84,177 | (3,570) | 5,989 | 86,596 |

**BRAHIM'S HOLDINGS BERHAD**
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**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021** (continued)

(c) Total cash outflows for leases as a lessee

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Included in net cash used in operating activities:** | | | | | |
| Payments relating to short-term leases | 21 | 7,793 | 8,559 | 168 | 207 |
| Payments relating to low value assets | 21 | 9 | 253 | - | - |
| Interest paid in relation to lease liabilities | | 203 | 561 | 8 | 12 |
| **Included in net cash used in financing activities:** | | | | | |
| Repayments of lease liabilities | | 1,599 | 14,069 | 73 | 70 |
| **Total cash outflows for leases** | | 9,604 | 23,442 | 249 | 289 |

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 is 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 29 April 2022.

### 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 amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

| <u>Amendments/Improvements to MFRSs</u> | |
|---|---|
| MFRS 4 | Insurance Contracts |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 9 | Financial Instruments |
| MFRS 16 | Leases* |
| MFRS 139 | Financial Instruments: Recognition and Measurement |

* Early adopted the amendments to MFRS 16 *Leases* issued by the Malaysian Accounting Standards Board ("MASB") on 6 April 2021.

The adoption of the above amendments/improvements to MFRSs 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.

## 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 MFRS 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 2022^/ 1 January 2023# |
| MFRS 3 | Business Combinations | 1 January 2022/ 1 January 2023# |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2023# |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2021/ 1 January 2023# |
| MFRS 9 | Financial Instruments | 1 January 2021/ 1 January 2022^/ 1 January 2023# |
| MFRS 10 | Consolidated Financial Statements | Deferred |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2023# |
| MFRS 16 | Leases | 1 April 2021/ 1 January 2022^ |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| MFRS 101 | Presentation of Financial Statements | 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 2023 |
| MFRS 112 | Income Taxes | 1 January 2023 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2022/ 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 2022/ 1 January 2023# |
| MFRS 138 | Intangible Assets | 1 January 2023# |
| MFRS 140 | Investment Property | 1 January 2023# |
| MFRS 141 | Agriculture | 1 January 2022^ |

^ *The Annual Improvements to MFRS Standards 2018-2020*
# *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. The initial application of the applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior periods financial statements.

**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**

The financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The application of going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and discharge their liabilities in the normal course of business.

(a) During the financial year ended 31 December 2021, the Group and the Company incurred a net loss of RM47.642 million and RM6.786 million respectively and as of that date, the Group's and the Company's current liabilities exceeded the current assets by RM177.244 million and RM82.247 million respectively and the Group recorded a capital deficiency of RM163.363 million.

## 2. BASIS OF PREPARATION (continued)

### 2.7 Fundamental accounting principle (continued)

(b) 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") on 28 February 2019, as the shareholders' equity of the Group is less than RM40.000 million and is 25% or less of its issued and paid-up capital.

On 22 September 2021, the Company has obtained the approval from Bursa Securities for the extension of time until 27 February 2022 to submit its regularisation plan.

On 25 February 2022, the Company has submitted an application for a further extension of time to Bursa Securities ("EOT Application"). Bursa Securities had vide its letter dated 7 April 2022, rejected the EOT Application of the Company.

A written appeal against the de-listing was submitted to Bursa Securities on 14 April 2022 and the removal of the securities of the Company from the Official List of Bursa Securities is currently pending the decision by Bursa Securities on the appeal. The trading in the securities of the Company has been suspended with effect from 15 April 2022.

(c) As disclosed in Note 12(a)(ii), on 21 April 2021, the Company received a letter of demand from OCBC Al-Amin Berhad's ("OCBC") appointed solicitor which claimed against the Company on the following:

i. the arrears of rentals due to OCBC in total sum of RM49.880 million as at 1 April 2021;
ii. the Company is given seven days from the date hereon to regularise the said payment, failing which OCBC shall have no option but be compelled to declare default in payment; and
iii. demand that the secured amount to be immediately due and payable.

On 22 April 2021, the Company has defaulted in repaying overdue rental sum of RM49.980 million as at 1 April 2021 as requested by the OCBC under an Ijarah Muntahiah Bi Al-Tamlik Term-Financing-i facilities granted by OCBC to the Company. Pursuant to the above, the Company has further triggered the prescribed criteria under Paragraph 2.1(f) of PN17 of the Listing Requirements on 22 April 2021.

On 12 May 2021, OCBC is agreeable to an interim indulgence to withhold legal action against the Company and all security providers until 1 November 2021 subject to compliance of certain terms and conditions.

On 18 March 2022, the Company received a letter of demand dated 16 March 2022 from OCBC's appointed solicitor which claimed against the Company on the following:

i. the outstanding rental sum of RM62.033 million as at 28 February 2022; and
ii. the Company is given seven days from the date hereon to regularise the said payment, failing which OCBC shall have no option but be compelled to declare and demand that the secured amount to be immediately due and payable.

**2. BASIS OF PREPARATION** (continued)

**2.7 Fundamental accounting principle** (continued)

These events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The ability of the Group and the Company to operate as going concerns is dependent on:

- discussion with the financial institution for settlement which is still in progress;
- its ability continue its other remaining business operations and engage with the lenders and suppliers for their continuous support;
- investment and funding from potential investors; and
- formularisation and successful implementation of a proposed regularisation plan.

In the event that these are not forthcoming, 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.

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

**3.1 Basis of consolidation** (continued)

**(a) Subsidiaries and business combination** (continued)

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.

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

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.

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

### 3.1 Basis of consolidation (continued)

#### (a) Subsidiaries and business combination (continued)

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.

#### (c) 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 joint ventures 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 *Revenue from Contracts with Customers.*

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, all 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.

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

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).

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

**3.4 Financial instruments** (continued)

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

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.

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.

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

### 3.4 Financial instruments (continued)

#### (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.

#### (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.

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

### 3.5 Property, plant and equipment (continued)

#### (c) Depreciation (continued)

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

At inception of a contract, the Group and the Company assess 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 and the Company assess whether:

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

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

**3.6 Leases** (continued)

**(b) Lessee accounting**

At the lease commencement date, the Group and the Company recognise 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 and the Company present right-of-use assets in Note 5 and lease liabilities in Note 12.

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 and the Company expect 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 and the Company use their incremental borrowing rate.

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.

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

### 3.6 Leases (continued)

#### (b) Lessee accounting (continued)

Lease liability (continued)

The Group and the Company remeasure 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 and the Company have 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 and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value asset. The Group and the Company recognise 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.

### 3.7 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).

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

### 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.

### 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 *Financial Instruments* 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.

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

**3.10 Impairment of assets** (continued)

**(a) Impairment of financial assets** (continued)

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.

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; or
- 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.

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

**3.10 Impairment of assets** (continued)

**(a) Impairment of financial assets** (continued)

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.

**(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 makes an estimate of the asset's recoverable amount. For goodwill 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.

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

### 3.10 Impairment of assets (continued)

#### (b) Impairment of non-financial assets (continued)

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.

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

**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.

**3.14 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.

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

**3.14 Revenue and other income** (continued)

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.

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

The 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

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting 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 that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

### (a) Going concern

The Group and the Company apply judgement and assumptions in determining their ability to continue as going concerns of at least 12 months from the end of the financial year which is subject to material uncertainty. The Group and the Company consider the facts and circumstances and make assumptions about the future, including their plan to realise their assets and discharge their liabilities in the normal course of business.

The details of material uncertainty related to going concerns are disclosed in Note 2.7.

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

**(b) Impairment of property, plant and equipment**

The Group assesses impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group uses its judgement to decide the discount rates 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 positions and results if the actual cash flows are less than expected.

The carrying amount of the property, plant and equipment are disclosed in Note 5.

**(c) 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

| | 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 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2021** | | | | | | | | |
| **At cost** | | | | | | | | |
| At 1 January 2021 | 35,554 | 115,039 | 2,540 | 83,857 | 46,523 | 1,207 | 42,026 | 326,746 |
| Additions | 849 | 283 | - | 81 | 5 | 32 | 147,221 | 148,471 |
| Disposals | - | - | - | - | - | - | (33,213) | (33,213) |
| At 31 December 2021 | 36,403 | 115,322 | 2,540 | 83,938 | 46,528 | 1,239 | 156,034 | 442,004 |

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

| | 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 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2021** | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2021 | 13,970 | 103,035 | 1,608 | 80,412 | 44,479 | - | 35,813 | 279,317 |
| Depreciation charge for the financial year | 666 | 2,013 | 223 | 1,082 | 827 | - | 6,795 | 11,606 |
| Disposals | - | - | - | - | - | - | (32,758) | (32,758) |
| At 31 December 2021 | 14,636 | 105,048 | 1,831 | 81,494 | 45,306 | - | 9,850 | 258,165 |
| **Accumulated impairment losses** | | | | | | | | |
| At 1 January 2021/ 31 December 2021 | - | 6,774 | - | 1,859 | 1,176 | - | - | 9,809 |
| **Carrying amount** | | | | | | | | |
| At 31 December 2021 | 21,767 | 3,500 | 709 | 585 | 46 | 1,239 | 146,184 | 174,030 |

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

| | 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 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2020** | | | | | | | | |
| **At cost** | | | | | | | | |
| At 1 January 2020 | 35,431 | 114,791 | 3,737 | 84,616 | 46,760 | 1,450 | 41,522 | 328,307 |
| Additions | 123 | 221 | - | 322 | 565 | 114 | 821 | 2,166 |
| Disposals | - | - | - | (264) | (479) | - | (317) | (1,060) |
| Written off | - | - | (1,197) | (1,147) | (323) | - | - | (2,667) |
| Reclassification | - | 27 | - | 330 | - | (357) | - | - |
| At 31 December 2020 | 35,554 | 115,039 | 2,540 | 83,857 | 46,523 | 1,207 | 42,026 | 326,746 |

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

| | 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 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2020 | 13,318 | 99,927 | 2,095 | 79,875 | 43,416 | - | 22,076 | 260,707 |
| Depreciation charge for the financial year | 652 | 3,108 | 230 | 1,810 | 1,865 | - | 14,034 | 21,699 |
| Disposals | - | - | - | (264) | (479) | - | (297) | (1,040) |
| Written off | - | - | (717) | (1,009) | (323) | - | - | (2,049) |
| At 31 December 2020 | 13,970 | 103,035 | 1,608 | 80,412 | 44,479 | - | 35,813 | 279,317 |
| **Accumulated impairment losses** | | | | | | | | |
| At 1 January 2020 | - | - | 480 | 138 | - | - | - | 618 |
| Impairment lossess | - | 6,774 | - | 1,859 | 1,176 | - | - | 9,809 |
| Written off | - | - | (480) | (138) | - | - | - | (618) |
| At 31 December 2020 | - | 6,774 | - | 1,859 | 1,176 | - | - | 9,809 |
| **Carrying amount** | | | | | | | | |
| At 31 December 2020 | 21,584 | 5,230 | 932 | 1,586 | 868 | 1,207 | 6,213 | 37,620 |

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

| | Renovation and electrical installations RM'000 | Furniture and fittings and office equipment RM'000 | Right-of-use assets RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **2021** | | | | |
| **At cost** | | | | |
| At 1 January 2021/ 31 December 2021 | 93 | 400 | 605 | 1,098 |
| **Accumulated depreciation** | | | | |
| At 1 January 2021 | 93 | 398 | 533 | 1,024 |
| Depreciation charge for the financial year | - | 1 | 71 | 72 |
| At 31 December 2021 | 93 | 399 | 604 | 1,096 |
| **Carrying amount** | | | | |
| At 31 December 2021 | - | 1 | 1 | 2 |
| **2020** | | | | |
| **At cost** | | | | |
| At 1 January 2020 | 93 | 398 | 605 | 1,096 |
| Additions | - | 2 | - | 2 |
| At 31 December 2020 | 93 | 400 | 605 | 1,098 |
| **Accumulated depreciation** | | | | |
| At 1 January 2020 | 93 | 395 | 412 | 900 |
| Depreciation charge for the financial year | - | 3 | 121 | - 124 |
| At 31 December 2020 | 93 | 398 | 533 | 1,024 |
| **Carrying amount** | | | | |
| At 31 December 2020 | - | 2 | 72 | 74 |

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

**(a) Assets pledged as security**

Warehouse building and improvements of the Group with a carrying amount of RM21.767 million (2020: RM21.584 million) have been pledged as security to secure banking facilities granted to the Group and the Company.

**(b) 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 2020 | 590 | 13,934 | 813 | 19 | 4,090 | 19,446 |
| Additions | - | 514 | - | 307 | - | 821 |
| Depreciation | (16) | (13,505) | (9) | (5) | (499) | (14,034) |
| Disposals | - | - | - | (20) | - | (20) |
| At 31 December 2020 | 574 | 943 | 804 | 301 | 3,591 | 6,213 |
| Additions | - | 147,221 | - | - | - | 147,221 |
| Depreciation | (171) | (5,402) | (221) | (30) | (971) | (6,795) |
| Disposals | - | (455) | - | - | - | (455) |
| At 31 December 2021 | 403 | 142,307 | 583 | 271 | 2,620 | 146,184 |

| | **Company Motor vehicles RM'000** |
|---|---|
| **Carrying amount** | |
| At 1 January 2020 | 193 |
| Depreciation | (121) |
| At 31 December 2020 | 72 |
| Depreciation | (71) |
| At 31 December 2021 | 1 |

The Group leases land for its warehouse space. The lease of the land has remaining lease term of 37 years.

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

**(b) Right-of-use assets** (continued)

The Group leases the buildings for their office space and operation sites. The leases for office space and operation sites generally have lease terms ranging from 1 to 20 years.

The Group also leases catering equipment, plant and equipment and motor vehicles with lease terms ranging from 2 to 5 years.

**(c) (i) Impairment loss**

The carrying amount of property, plant and equipment (including right-of-use assets) of cash generating unit of catering and catering related services as at the end of the financial year amounted to RM150.067 million (2020: RM13.291 million) with the corresponding lease liabilities of RM155.477 million (2020: RM1.790 million).

Group has performed an impairment assessment on its cash generating unit in order to determine its recoverable amount based on its value-in-use.

In the previous financial year, an impairment loss of RM9.809 million was recognised in respect of property, plant and equipment in the profit or loss. As at 31 December 2021, the Group is of the view that no further impairment is required to the property, plant and equipment.

**(ii) Discount rate**

In determining the value-in-use for the cash generating unit, the cash flows were discounted at a rate of 12.44% (2020: 11.20%) on a pre-tax basis.

## 6. INVESTMENT IN SUBSIDIARIES

| | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|
| Unquoted shares - at cost | 191,334 | 191,334 |
| Less: Impairment losses | | |
| At beginning/end of the financial year | (92,318) | (92,318) |
| | 99,016 | 99,016 |

Details of the subsidiaries are as follows:

| Name of company | Principal place of business/ country of incorporation | Effective equity interest 2021 % | Effective equity interest 2020 % | 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. ("BSFS")* | Malaysia | 35.7 | 35.7 | Catering and catering related services |

* The auditors' reports on the financial statements of these subsidiaries contain modification.

**6. INVESTMENT IN SUBSIDIARIES** (continued)

**(a) 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 2021 % | 2020 % |
|---|---|---|---|
| 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 | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| BSIH | (72,272) | (35,910) |
| ASB | (4,513) | (4,508) |
| | (76,785) | (40,418) |

Profit or loss allocated to non-controlling interests:

| Name of company | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| BSIH | (36,362) | (131,238) |
| ASB | (5) | (10) |
| | (36,367) | (131,248) |

## 6. INVESTMENT IN SUBSIDIARIES (continued)

### (b) 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 2021** | | |
| Current assets | 16,150 | 26 |
| Non-current assets | 150,067 | 1 |
| Current liabilities | (108,785) | (11,480) |
| Non-current liabilities | (158,079) | (1) |
| Net liabilities | (100,647) | (11,454) |
| **Summarised statements of comprehensive income Financial year ended 31 December 2021** | | |
| Revenue | 26,944 | - |
| Loss for the financial year | (40,007) | (12) |
| Total comprehensive loss | (40,007) | (12) |
| **Summarised cash flow information Financial year ended 31 December 2021** | | |
| Net cash flows used in operating activities | (13,307) | (12) |
| Net cash flows used in investing activities | (335) | - |
| Net cash flows from financing activities | 10,798 | 12 |
| Net decrease in cash and cash equivalents | (2,844) | - |
| Dividends paid to non-controlling interest | - | - |

**6. INVESTMENT IN SUBSIDIARIES** (continued)

**(b) 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)

| | BSIH RM'000 | ASB RM'000 |
|---|---|---|
| **Summarised statements of financial position** | | |
| **As at 31 December 2020** | | |
| Current assets | 18,135 | 27 |
| Non-current assets | 13,291 | 2 |
| Current liabilities | (79,899) | (11,469) |
| Non-current liabilities | (12,168) | (1) |
| Net liabilities | (60,641) | (11,441) |
| **Summarised statements of comprehensive income** | | |
| **Financial year ended 31 December 2020** | | |
| Revenue | 74,941 | - |
| Loss for the financial year | (195,746) | (24) |
| Total comprehensive loss | (195,746) | (24) |
| **Summarised cash flow information** | | |
| **Financial year ended 31 December 2020** | | |
| Net cash flows used in operating activities | (12,944) | (21) |
| Net cash flows from investing activities | 3,495 | - |
| Net cash flows (used in)/from financing activities | (11,353) | 21 |
| Net decrease in cash and cash equivalents | (20,802) | - |
| Dividends paid to non-controlling interest | - | - |

**(c)** Included in the carrying amount of investment in subsidiaries of the Company is an investment of RM69.540 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.

## 7. GOODWILL

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Cost** | | |
| At beginning/end of the financial year | 282,563 | 282,563 |
| **Accumulated impairment losses** | | |
| At beginning of the financial year | 282,479 | 180,209 |
| Charge for the financial year (Note 21) | - | 102,270 |
| At end of the financial year | 282,479 | 282,479 |
| **Carrying amount** | | |
| At end of the financial year | 84 | 84 |

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

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| CGU 1 - catering and catering related services | - | - |
| CGU 2 - warehousing and logistics related services | 84 | 84 |

**(b) CGU 1 – catering and catering related services**

Since the beginning of the year 2020, the global economy, in particular the aviation industry, faces an uncertainty as a result of the unprecedented COVID-19 pandemic. The travel and border restriction implemented by countries around the world has led to a significant fall in demand for air travel which impacted the Group's financial performance and cash flows.

The Group has performed an impairment assessment on its cash generating unit in order to determine its recoverable amount based on its value-in-use of goodwill and property, plant and equipment. In the previous financial year, the Group estimated that the recoverable amount of the CGU is lower than its carrying amount. Hence, an impairment loss of RM102.270 million was first allocated to goodwill and recognised in the profit or loss of previous financial year. The remaining impairment loss of RM9.809 million was allocated to property, plant and equipment (Note 5(c)(i)).

## 7. GOODWILL (continued)

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

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 recoverable amount of CGU of catering and catering related services are determined based on value-in-use calculations using a 5-year cash flow projections prepared on budgets. In the previous financial year, the key assumptions used in the value-in-use calculations, growth rate for airline catering and non-airline catering ranging from -63% to 135% and -84% to 46%, gross margin of -61% to 152% and discounts rate of 9.0%.

## 8. INVENTORES

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| **At cost:** | | |
| Catering stores | 541 | 1,166 |
| Maintenance stores | 1,451 | 1,575 |
| General stores | 419 | 563 |
| | 2,411 | 3,304 |

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM11.334 million (2020: RM31.530 million).

In the previous financial year, inventories written off of RM1.361 million was recognised in profit or loss under cost of sales.

## 9. TRADE AND OTHER RECEIVABLES

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Non-current:** | | | | | |
| **Non-trade** | | | | | |
| Amount owing by a subsidiary | | - | - | 2,699 | 2,699 |
| Less: Impairment losses - amounts owing by a subsidiary | | - | - | (2,699) | (2,699) |
| | (b) | - | - | - | - |
| **Current:** | | | | | |
| **Trade** | | | | | |
| Trade receivables | | 14,753 | 21,554 | - | - |
| Less: Impairment losses | | (4,545) | (13,035) | - | - |
| | (a) | 10,208 | 8,519 | - | - |
| **Non-trade** | | | | | |
| Other receivables | | 2,104 | 1,980 | 29 | - |
| GST refundable | | - | 153 | - | - |
| Amounts owing by subsidiaries | (b) | - | - | 24,264 | 13,942 |
| Amounts owing by related parties | (c) | 498 | 26 | - | - |
| Deposits | | 429 | 462 | - | - |
| Prepayments | | 450 | 462 | - | - |
| | | 3,481 | 3,083 | 24,293 | 13,942 |
| Less: Impairment losses - amounts owing by subsidiaries | (b) | - | - | (13,912) | (13,942) |
| | | - | - | (13,912) | (13,942) |
| | | 3,481 | 3,083 | 10,381 | - |
| **Total trade and other receivables (current)** | | 13,689 | 11,602 | 10,381 | - |
| **Total trade and other receivables (non-current and current)** | | 13,689 | 11,602 | 10,381 | - |

## 9. 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 (2020: 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 trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| At 1 January | 13,035 | 2,977 |
| Charged for the financial year | | |
| - Individually assessed | 245 | 11,591 |
| Reversal of impairment losses | (1,957) | (561) |
| Written off | (6,778) | (972) |
| At 31 December | 4,545 | 13,035 |

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 25(b)(i).

### (b) Amounts owing by subsidiaries

The amounts owing by subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Amounts owing by subsidiaries

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| At 1 January | 16,641 | 13,597 |
| Charged for the financial year | | |
| - Individually assessed | - | 3,044 |
| Reversal of impairment losses | (30) | - |
| At 31 December | 16,611 | 16,641 |

### (c) Amounts owing by related parties

Amounts owing by related parties in which a director has a substantial financial interest are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

## 10. CASH AND SHORT-TERM DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Cash and bank balances | 1,839 | 8,117 | 213 | 276 |
| Short-term deposits | 3,412 | 3,319 | 1,887 | 1,849 |
| | 5,251 | 11,436 | 2,100 | 2,125 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Short-term deposits | 3,412 | 3,319 | 1,887 | 1,849 |
| Less: Pledged deposits and deposits with maturity more than 3 months | (3,164) | (3,078) | (1,887) | (1,849) |
| | 248 | 241 | - | - |
| Cash and bank balances | 1,839 | 8,117 | 213 | 276 |
| | 2,087 | 8,358 | 213 | 276 |

(a) The short-term deposits of the Group and the Company bear interest at a rate of 1.55% (2020: rates ranging from 1.90% to 3.45%) per annum and their maturity period ranging from 1 month to 12 months (2020: 1 month to 12 months)

(b) Short-term deposits of the Group and the Company amounting to RM3.076 million and RM1.800 million respectively (2020: RM2.990 and RM1.761 million respectively) pledged as bank guarantee to third party creditors.

(c) Short-term deposits of the Group and the Company amounting to RM0.088 million and RM0.088 million respectively (2020: RM0.088 and RM0.088 million respectively) are pledged for banking facilities as disclosed in Note 12(a).

## 11. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amounts | |
| | 2021 Unit'000 | 2020 Unit'000 | 2021 RM'000 | 2020 RM'000 |
| **Issued and fully paid up (no par value):** | | | | |
| At beginning of the financial year | 236,286 | 236,286 | 268,266 | 268,266 |
| Issued during the financial year | 70,885 | - | 11,341 | - |
| At end of the financial year | 307,171 | 236,286 | 279,607 | 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.

During the financial year, the Company issued 70,885,600 new ordinary shares at a price of RM0.16 per ordinary share for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in respects with the existing ordinary shares of the Company.

## 12. LOANS AND BORROWINGS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Non-current:** | | | | | |
| Lease liabilities | (b) | 156,298 | 2,972 | 51 | 128 |
| **Current:** | | | | | |
| Term loans | (a) | 82,435 | 79,397 | 78,152 | 75,348 |
| Lease liabilities | (b) | 1,300 | 1,757 | 78 | 74 |
| | | 83,735 | 81,154 | 78,230 | 75,422 |
| | | 240,033 | 84,126 | 78,281 | 75,550 |
| **Total loans and borrowings:** | | | | | |
| Term loans | (a) | 82,435 | 79,397 | 78,152 | 75,348 |
| Lease liabilities | (b) | 157,598 | 4,729 | 129 | 202 |
| | | 240,033 | 84,126 | 78,281 | 75,550 |

## 12. LOANS AND BORROWINGS (continued)

### (a) Term loans

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Term loan I | 4,283 | 4,049 | - | - |
| Term loan II | 78,152 | 75,348 | 78,152 | 75,348 |
| | 82,435 | 79,397 | 78,152 | 75,348 |

(i) **Term loan I**

Term loan I bears interest at a rate of 7.50% (2020: 7.50%) 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. On 25 September 2020, the financial institution has granted a further indulgence to the subsidiary to defer the repayment of term loan to 31 December 2020.

**Term loan II**

Term loan II bears interest at a rate of 7.65% (2020: 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. and Tamadam Industries 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 as disclosed in Note 10(c).

The Group and the Company did not meet certain financial covenants for Term Loan II since the previous financial years. 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. The indulgence granted by the financial institution has lapsed in the previous financial year.

**12. LOANS AND BORROWINGS** (continued)

**(a) Term loans** (continued)

(ii) On 21 April 2021, the Company received a letter of demand from OCBC's appointed solicitor Shook Lin & Bok, which claimed against the Company to the following:

i. the arrears of rentals due to OCBC in total sum of RM49.880 million as at 1 April 2021;
ii. the Company is given seven days from the date hereon to regularise the said payment, failing which OCBC shall have no option but be compelled to declare default in payment; and
iii. demand that the secured amount to be immediately due and payable.

The Company has defaulted in repaying overdue rental sum of RM49.880 million as at 1 April 2021 as requested by the OCBC under an Ijarah Muntahiah Bi Al-Tamlik Term-Financing-i facility ("Financing Facilities") granted by OCBC to the Company.

On 12 May 2021, OCBC is agreeable to an interim indulgence to withhold legal action against the Company and all security providers until 1 November 2021 subject to strict compliance of certain terms and conditions.

On 18 March 2022, the Company received a letter of demand dated 16 March 2022 from OCBC's appointed solicitor Shook Lin & Bok, which claimed against the Company on the following:

i. the outstanding rental sum of RM62.033 million as at 28 February 2022; and
ii. the Company is given seven days from the date hereon to regularise the said payment, failing which OCBC shall have no option but be compelled to declare and demand that the secured amount to be immediately due and payable.

## 12. LOANS AND BORROWINGS (continued)

### (b) Lease liabilities

The interest rate implicit in the leases is ranging from 5.22% to 7.33% (2020: 5.22% to 7.33%).

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Minimum lease payments: | | | | |
| Not later than one year | 13,338 | 1,998 | 82 | 82 |
| Later than one year and not later than five years | 60,415 | 2,545 | 52 | 132 |
| Later than five years | 238,758 | 1,562 | - | - |
| | 312,511 | 6,105 | 134 | 214 |
| Less: Future finance charges | (154,913) | (1,376) | (5) | (12) |
| Present value of minimum lease payments | 157,598 | 4,729 | 129 | 202 |
| Present value of minimum lease payments: | | | | |
| Not later than one year | 1,300 | 1,757 | 78 | 74 |
| Later than one year and not later than five years | 15,945 | 2,373 | 51 | 128 |
| Later than five years | 140,353 | 599 | - | - |
| | 157,598 | 4,729 | 129 | 202 |
| Less: Amount due within 12 months | (1,300) | (1,757) | (78) | (74) |
| Amount due after 12 months | 156,298 | 2,972 | 51 | 128 |

## 13. DEFERRED TAX LIABILITIES

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| At 1 January | (9,601) | 9,704 |
| Recognised in profit or loss (Note 23) | 6,957 | (19,305) |
| At 31 December | (2,644) | (9,601) |

**13. DEFERRED TAX LIABILITIES** (continued)

(a) The components of deferred tax assets/(liabilities) are as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| **Deferred tax assets** | | |
| Impairment losses on trade receivables | 1,337 | 1,310 |
| Unutilised tax losses | - | 23 |
| Unabsorbed capital allowances | 134 | 2 |
| Right-of-use assets | 4 | 4 |
| | 1,475 | 1,339 |
| **Deferred tax liabilities** | | |
| Differences between the carrying amount of property plant and equipment and their tax bases | (4,088) | (8,143) |
| Provisions | (31) | (2,797) |
| | (4,119) | (10,940) |
| | (2,644) | (9,601) |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Unutilised tax losses | 162,108 | 139,778 | 12,853 | 12,853 |
| Unabsorbed capital allowances | 21,920 | 19,369 | 2 | 2 |
| Property, plant and equipment | 13 | 589 | 7 | - |
| Right-of-use assets | 13,644 | 17 | - | - |
| Provisions | 722 | 722 | - | - |
| | 198,407 | 160,475 | 12,862 | 12,855 |
| Potential deferred tax assets not recognised at 24% (2020: 24%) | 47,618 | 38,514 | 3,087 | 3,085 |

(c) The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income tax Act, 1967 and guidelines issued by the tax authority.

**13. DEFERRED TAX LIABILITIES** (continued)

(c) (continued)

The unutilised tax 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 | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| 2025 | 23,488 | 23,478 | 12,844 | 12,844 |
| 2026 | 37,034 | 37,034 | - | - |
| 2027 | 79,256 | 79,266 | 9 | 9 |
| 2028 | 22,330 | - | - | - |
| | 162,108 | 139,778 | 12,853 | 12,853 |

**14. TRADE AND OTHER PAYABLES**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| **Non-current:** | | | | | |
| **Non-trade** | | | | | |
| Other payables | | 1,291 | 2,050 | - | - |
| Amount owing to a subsidiary | (b) | - | - | 1,120 | 1,120 |
| | | 1,291 | 2,050 | 1,120 | 1,120 |
| **Current:** | | | | | |
| **Trade** | | | | | |
| Trade payables | (a) | 49,782 | 40,787 | - | - |
| **Non-trade** | | | | | |
| Other payables | | 30,211 | 28,740 | 4,083 | 3,120 |
| Accruals | | 16,346 | 8,462 | 71 | 78 |
| Amount owing to a subsidiary | (b) | - | - | 6,207 | 3,737 |
| Amounts owing to related parties | (b) | 5,543 | 3,793 | 376 | 376 |
| Amount owing to a director | (b) | 6,461 | 6,889 | 5,761 | 6,189 |
| **Total trade and other payables (current)** | | 108,343 | 88,671 | 16,498 | 13,500 |
| **Total trade and other payables (non-current and current)** | | 109,634 | 90,721 | 17,618 | 14,620 |

## 14. TRADE AND OTHER PAYABLES (continued)

### (a) Trade payables

The normal trade credit terms granted to the Group ranging from 30 to 60 days (2020: 30 to 60 days).

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

Included in amount owing to a subsidiary is advances from a subsidiary amounting to RM2.800 million (2020: RM2.800 million) which is non-trade in nature, unsecured, bears interest at a rate of 7% (2020: 7%) per annum and is repayable from 2019 to 2022. The amount classified in non-current liability is RM1.120 million (2020: RM1.120 million).

All other amounts owing to subsidiaries, related parties in which a director has substantial financial interest and a director are non-trade in nature, unsecured, non-interest bearing and repayable upon demand and is expected to be settled in cash.

## 15. PROVISIONS

| | Utilities claims and disputes RM'000 | Legal claim RM'000 | Zakat RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| At 1 January 2020 | 6,000 | 6,900 | 564 | 13,464 |
| Repayment during the financial year | (6,000) | - | (2) | (6,002) |
| At 31 December 2020 | - | 6,900 | 562 | 7,462 |
| At 1 January 2021/ 31 December 2021 | - | 6,900 | 562 | 7,462 |

### (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 RM6.000 million was paid by way of three-month instalments in the previous financial year.

### (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 30(a).

## 16. REVENUE

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Revenue from contract customers:** | | |
| Catering and catering related services | 26,944 | 74,941 |
| Warehousing revenue | 5,309 | 6,443 |
| Logistics related services | 1,319 | 1,005 |
| | 33,572 | 82,389 |

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

| | Catering and catering related services RM'000 | Warehousing and logistic related services RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2021** | | | |
| **Timing of revenue recognition:** | | | |
| At a point in time | 26,944 | 976 | 27,920 |
| Over time | - | 5,652 | 5,652 |
| | 26,944 | 6,628 | 33,572 |
| **2020** | | | |
| **Timing of revenue recognition:** | | | |
| At a point in time | 74,941 | 761 | 75,702 |
| Over time | - | 6,687 | 6,687 |
| | 74,941 | 7,448 | 82,389 |

## 17. COST OF SALES

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Catering and catering related services | 21,333 | 84,205 |
| Warehousing | 4,463 | 4,650 |
| Logistics related services | 957 | 773 |
| | 26,753 | 89,628 |

## 18. OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Gain on disposal of property, plant and equipment | - | 33 | - | - |
| Gain on lease termination | 57 | - | - | - |
| Unrealised gain on foreign exchange | - | 81 | - | - |
| Rental income | 5 | 6 | - | - |
| Others | 93 | 553 | 10 | - |
| | 155 | 673 | 10 | - |

## 19. FINANCE INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest income on: | | | | |
| - short-term deposits | 91 | 358 | 38 | 30 |
| - others | 23 | 1 | - | - |
| | 114 | 359 | 38 | 30 |

## 20. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest expense on: | | | | |
| - term loans | 4,524 | 5,793 | 4,455 | 5,792 |
| - lease liabilities | 7,962 | 561 | 8 | 12 |
| - amount owing to a subsidiary | - | - | 196 | 196 |
| - others | - | 353 | - | - |
| | 12,486 | 6,707 | 4,659 | 6,000 |

## 21. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Auditors' remuneration: | | | | | |
| - Statutory audit fees | | | | | |
| - current year | | 307 | 335 | 125 | 125 |
| - prior year | | (138) | 40 | (1) | 40 |
| - Non-statutory audit fees | | 25 | 25 | 25 | 25 |
| Bad debts written off | | 30 | 972 | - | 1 |
| Deposits written off | | 35 | - | - | - |
| Depreciation on property, plant and equipment | | 11,606 | 21,699 | 72 | 124 |
| Employee benefits expense | 22 | 17,869 | 70,195 | 1,217 | 1,223 |
| Expenses relating to short-term leases | | 7,793 | 8,559 | 168 | 207 |
| Expenses relating to low value assets | | 9 | 253 | - | - |
| Impairment losses on: | | | | | |
| - goodwill | | - | 102,270 | - | - |
| - property, plant and equipment | | - | 9,809 | - | - |
| - trade and other receivables | | 245 | 11,591 | - | 3,044 |
| Inventories written off | | - | 1,361 | - | - |
| Net realised loss on foreign exchange | | 65 | 33 | - | - |
| Net unrealised loss/(gain) on foreign exchange | | 164 | (28) | - | - |
| Reversal of impairment on trade receivables and other receivables | | (1,957) | (561) | (30) | - |

## 22. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Salaries, bonus and other benefits | 16,034 | 66,028 | 1,134 | 1,197 |
| Defined contribution plan | 1,835 | 4,167 | 83 | 26 |
| | 17,869 | 70,195 | 1,217 | 1,223 |

## 22. EMPLOYEE BENEFITS EXPENSE (continued)

Included in employee benefits expense are:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Directors of the Company** | | | | |
| Executive director | | | | |
| - Fees | 82 | 72 | 82 | 72 |
| - Other emoluments | 1,819 | 1,431 | 660 | 664 |
| | 1,901 | 1,503 | 742 | 736 |
| Non-executive directors | | | | |
| - Fees | 275 | 240 | 275 | 240 |
| - Other emoluments | - | 18 | - | 18 |
| | 275 | 258 | 275 | 258 |
| | 2,176 | 1,761 | 1,017 | 994 |

## 23. INCOME TAX CREDIT/(EXPENSE)

The major components of income tax credit/(expense) for the financial years ended 31 December 2021 and 31 December 2020 are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Statements of comprehensive income** | | | | |
| **Current income tax:** | | | | |
| - Current income tax charge | (52) | (127) | - | - |
| - Under provision in prior financial year | (75) | (31) | - | - |
| | (127) | (158) | - | - |
| **Deferred tax** (Note 13)**:** | | | | |
| - Origination and reversal of temporary differences | 934 | (7,873) | - | - |
| - Over/(Under) provision in prior financial years | 6,023 | (11,432) | - | - |
| | 6,957 | (19,305) | - | - |
| Income tax credit/(expense) recognised in profit or loss | 6,830 | (19,463) | - | - |

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

## 23. INCOME TAX CREDIT/(EXPENSE) (continued)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Loss before tax | (54,472) | (218,814) | (6,786) | (11,368) |
| Tax at Malaysian statutory income tax rate of 24% (2020: 24%) | (13,073) | (52,515) | (1,629) | (2,728) |
| Income not subject to tax | (12) | (126) | (19) | - |
| Non-deductible expenses | 3,099 | 29,993 | 1,646 | 2,725 |
| Deferred tax assets not recognised during the financial year | 9,104 | 30,648 | 2 | 3 |
| Over/(Under) provision in prior financial years | | | | |
| - current tax | 75 | 31 | - | - |
| - deferred tax | (6,023) | 11,432 | - | - |
| Income tax (credit)/expense | (6,830) | 19,463 | - | - |

## 24. 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 | |
|---|---|---|
| | 2021 | 2020 |
| Loss attributable to owners of the Company (RM'000) | (11,275) | (107,029) |
| Weighted average number of ordinary shares for basic loss per share ('000) | 307,171 | 236,286 |
| Basic loss per share (sen) | (3.67) | (45.30) |

### (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.

## 25. 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 2021** | | |
| **Financial assets** | | |
| **Group** | | |
| Trade and other receivables, net of prepayments | 13,239 | 13,239 |
| Cash and short-term deposits | 5,251 | 5,251 |
| | 18,490 | 18,490 |
| **Company** | | |
| Other receivables | 10,381 | 10,381 |
| Cash and short-term deposits | 2,100 | 2,100 |
| | 12,481 | 12,481 |
| **Financial liabilities** | | |
| **Group** | | |
| Trade and other payables | (109,634) | (109,634) |
| Loans and borrowings | (240,033) | (240,033) |
| | (349,667) | (349,667) |
| **Company** | | |
| Other payables | (17,618) | (17,618) |
| Loans and borrowings | (78,281) | (78,281) |
| | (95,899) | (95,899) |

**25. 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 2020** | | |
| **Financial assets** | | |
| **Group** | | |
| Trade and other receivables, net of GST refundable and prepayments | 10,987 | 10,987 |
| Cash and short-term deposits | 11,436 | 11,436 |
| | 22,423 | 22,423 |
| **Company** | | |
| Cash and short-term deposits | 2,125 | 2,125 |
| **Financial liabilities** | | |
| **Group** | | |
| Trade and other payables | (90,721) | (90,721) |
| Loans and borrowings | (84,126) | (84,126) |
| | (174,847) | (174,847) |
| **Company** | | |
| Other payables | (14,620) | (14,620) |
| Loans and borrowings | (75,550) | (75,550) |
| | (90,170) | (90,170) |

**(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.

**25. 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.

Credit risk concentration profile

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 (2020: 3) customers representing approximately 61% (2020: 50%) of the total trade receivables.

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit loss provision for all trade receivables. 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.

**25. 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 2021** | | | |
| **Trade receivables** | | | |
| Current | 2.43% - 2.97% | 676 | 18 |
| >30 days past due | 2.13% - 3.41% | 254 | 7 |
| >60 days past due | 2.05% - 5.30% | 230 | 10 |
| >90 days past due | 2.39% - 21.69% | 171 | 26 |
| >120 days past due | 7.20% - 19.02% | 734 | 85 |
| | | 2,065 | 146 |
| Individually assessed | | 12,688 | 4,399 |
| Total | | 14,753 | 4,545 |
| **At 31 December 2020** | | | |
| **Trade receivables** | | | |
| Current | 2.17% - 2.79% | 1,501 | 40 |
| >30 days past due | 2.42% - 2.56% | 402 | 10 |
| >60 days past due | 2.42% - 3.97% | 352 | 9 |
| >90 days past due | 2.42% - 17.17% | 175 | 11 |
| >120 days past due | 12.17% - 14.37% | 753 | 92 |
| | | 3,183 | 162 |
| Individually assessed | | 18,371 | 12,873 |
| Total | | 21,554 | 13,035 |

**25. 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.

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

**25. FINANCIAL INSTRUMENTS** (continued)

**(b) Financial risk management** (continued)

**(ii) Liquidity risk** (continued)

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:

| | | \|---------------- Contractual cash flows ----------------\| | | | |
|---|---|---|---|---|---|
| | 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 |
| **Group** | | | | | |
| **At 31 December 2021** | | | | | |
| Trade and other payables | 109,634 | 108,343 | 1,291 | - | 109,634 |
| Lease liabilities | 157,598 | 13,338 | 60,415 | 238,758 | 312,511 |
| Term loans | 82,435 | 84,263 | - | - | 84,263 |
| | 349,667 | 205,944 | 61,706 | 238,758 | 506,408 |
| **At 31 December 2020** | | | | | |
| Trade and other payables | 90,721 | 88,671 | 2,050 | - | 90,721 |
| Lease liabilities | 4,729 | 1,998 | 2,545 | 1,562 | 6,105 |
| Term loans | 79,397 | 83,736 | - | - | 83,736 |
| | 174,847 | 174,405 | 4,595 | 1,562 | 180,562 |

**25. FINANCIAL INSTRUMENTS** (continued)

**(b) Financial risk management** (continued)

**(ii) Liquidity risk** (continued)

Maturity analysis (continued)
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: (continued)

| | | \|---------------- Contractual cash flows ----------------\| | | | |
|---|---|---|---|---|---|
| | **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** |
| **Company** | | | | | |
| **At 31 December 2021** | | | | | |
| Other payables | 17,618 | 16,498 | 1,120 | - | 17,618 |
| Lease liabilities | 129 | 82 | 52 | - | 134 |
| Term loans | 78,152 | 79,980 | - | - | 79,980 |
| | 95,899 | 96,560 | 1,172 | - | 97,732 |
| **At 31 December 2020** | | | | | |
| Other payables | 14,620 | 13,500 | 1,120 | - | 14,620 |
| Lease liabilities | 202 | 82 | 132 | - | 214 |
| Term loans | 75,348 | 79,687 | - | - | 79,687 |
| | 90,170 | 93,269 | 1,252 | - | 94,521 |

**25. 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).

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currency are as follows:

| | **Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| Financial assets and liabilities not held in functional currency: | | |
| **Trade and other receivables** | | |
| United State Dollar | 88 | 1,229 |
| **Trade payable** | | |
| United State Dollar | (186) | (35) |
| **Loans and borrowings** | | |
| United State Dollar | (4,283) | (4,049) |

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to United States Dollar ("USD").

**25. FINANCIAL INSTRUMENTS** (continued)

**(b) Financial risk management** (continued)

**(iii) Foreign currency risk** (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonable possible change in the USD, with all other variables held constant on the Group's total equity and loss for the financial year.

| | Change in rate % | Effect on loss for the financial year RM'000 | Effect on equity RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 December 2021** | | | |
| - USD | +15% | (499) | (499) |
| | -15% | 499 | 499 |
| **At 31 December 2020** | | | |
| - USD | +15% | (325) | (325) |
| | -15% | 325 | 325 |

**(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.

The term loan at floating rate amounting to RM78.152 million (2020: RM75.348 million) exposes the Group and the Company to cash flow interest rate risk.

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. If the interest rate had been 50 basis points higher/lower and all other variables held constant, the Group's and the Company's profit net of tax for the financial year ended 31 December 2021 would decrease/increase by RM0.297 million (2020: 0.286 million) as a result of exposure to floating rate borrowings.

## 25. 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 (2020: no transfer in either directions).

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

| | **Carrying amount RM'000** | **Fair value of financial instruments not carried at fair value Level 2 RM'000** |
|---|---|---|
| **Group** | | |
| **31 December 2021** | | |
| **Financial liability** | | |
| Term loan | 4,283 | 4,283 |
| **31 December 2020** | | |
| **Financial liability** | | |
| Term loan | 4,049 | 4,049 |

## 26. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures

| | **Group** | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Approved and contracted for: | | |
| Property, plant and equipment | 12 | 280 |

## 27. BANK GUARANTEES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Bank guarantee facilities in favour of third party creditors | 2,724 | 24,466 | 1,600 | 1,600 |

The Group and the Company are exposed to credit risk in relation to bank guarantee given to certain parties for services rendered to the Group and the Company. The maximum exposure to credit risks amounts to RM2.724 million and RM1.600 million respectively (2020: RM24.466 million and RM1.600 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.

## 28. 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) Entities in which the directors have substantial financial interests;
(iv) 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.

### (b) Significant related party transactions

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Subsidiaries** | | | | |
| - Interest expense | - | - | 196 | 196 |
| - Rental and utilities expense | - | - | 171 | 210 |

## 28. RELATED PARTIES (continued)

### (b) Significant related party transactions (continued)

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| **Corporate shareholder of a subsidiary** | | | | |
| - Sales of goods and services | (12,584) | (32,490) | - | - |
| - Expenses charged: | | | | |
| - Rental | 7,982 | 22,845 | - | - |
| - Supply of water | 5,840 | 15,493 | - | - |
| - Electricity | 548 | 2,798 | - | - |
| **Company related to a corporate shareholder of a subsidiary** | | | | |
| - Consultation services charged | - | 1,427 | - | - |
| **Entities in which a director has substantial financial interests** | | | | |
| - Purchase of supplies | 3 | - | - | - |

### (c) Compensation of key management personnel

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| Short-term employee benefits | 1,786 | 1,743 | 742 | 736 |
| Post-employment employee benefits | 115 | 118 | - | - |
| | 1,901 | 1,861 | 742 | 736 |

## 29. 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** | |
|---|---|---|---|---|---|
| | | **2021** | **2020** | **2021** | **2020** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Trade and other payables | 14 | 109,634 | 90,721 | 17,618 | 14,620 |
| Loans and borrowings | 12 | 240,033 | 84,126 | 78,281 | 75,550 |
| Less: Cash and short-term deposits | 10 | (5,251) | (11,436) | (2,100) | (2,125) |
| Net debts | | 344,416 | 163,411 | 93,799 | 88,045 |
| (Capital deficientcy/ Total equity) | | (163,363) | (127,062) | 15,600 | 11,045 |
| Debt-to-equity ratio | | * | * | 601% | 797% |

* The calculation of gross debt-to-equity ratio is not meaningful to the Group.

## 30. MATERIAL LITIGATIONS

(a) 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 RM6.900 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 2021 as adequate provision had been made in the financial statements.

## 30. MATERIAL LITIGATIONS (continued)

(b) On 1 July 2020, Edynis Services Sdn. Bhd. ("plaintiff") has filed an action against a subsidiary, Brahim's SATS Food Services Sdn. Bhd. ("defendant") on the ground of wrongful termination and failure to make payment for several invoices based on two contracts entered.

The plaintiff claims:
(i) a declaration that the contracts were wrongfully terminated by the defendant;
(ii) defendant to pay an outstanding sum of RM0.758 million;
(iii) damages amounting to RM2.439 million originating from the balance payments.

The defendant has also filed for a counter claim against the plaintiff for the sum of RM0.516 million being the penalty sum.

As of to date, the parties are to obtain further direction from High Court of Shah Alam on current status of pleadings.

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 2021 as adequate provision had been made in the financial statements.

## 31. 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 catering related services |
| Investment holding | Provision of management services |

## 31. 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 |
|---|---|---|---|---|---|
| **2021** | | | | | |
| **Revenue:** | | | | | |
| Revenue from external customers | 6,628 | 26,944 | - | - | 33,572 |
| **Total revenue** | 6,628 | 26,944 | - | - | 33,572 |
| **Results:** | | | | | |
| *Included in the measure of segment loss are:* | | | | | |
| Segment result | (397) | (29,263) | (2,410) | (10,030) | (42,100) |
| Finance income | 219 | 52 | 39 | (196) | 114 |
| Finance costs | (55) | (7,870) | (4,757) | 196 | (12,486) |
| Loss before tax | (233) | (37,081) | (7,128) | (10,030) | (54,472) |
| Income tax (expense)/ credit | (266) | 7,096 | - | - | 6,830 |
| Net loss for the financial year | (499) | (29,985) | (7,128) | (10,030) | (47,642) |
| **Assets:** | | | | | |
| Segments assets | 29,803 | 166,186 | 119,230 | (118,787) | 196,432 |
| **Liabilities:** | | | | | |
| Segments liabilities | 4,750 | 253,770 | 142,734 | (41,459) | 359,795 |
| **Other segment information:** | | | | | |
| Capital expenditure | 12 | - | - | - | 12 |
| Bad debts written off | - | 30 | - | - | 30 |
| Deposit written off | - | 35 | - | - | 35 |
| Depreciation of property, plant and equipment | 1,083 | 10,277 | 246 | - | 11,606 |
| Impairment losses on: | | | | | |
| - trade and other receivables | 117 | 128 | - | - | 245 |
| Net unrealised loss on foreign exchange | - | - | 164 | - | 164 |
| Reversal of impairment losses on trade and other receivables | - | (11,957) | (30) | 10,030 | (1,957) |

**31. 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 |
|---|---|---|---|---|---|
| **2020** | | | | | |
| **Revenue:** | | | | | |
| Revenue from external customers | 7,448 | 74,941 | - | - | 82,389 |
| **Total revenue** | 7,448 | 74,941 | - | - | 82,389 |
| **Results:** | | | | | |
| *Included in the measure of segment loss are:* | | | | | |
| Segment result | (1,604) | (108,656) | (5,420) | (96,786) | (212,466) |
| Finance income | 197 | 327 | 31 | (196) | 359 |
| Finance costs | (76) | (807) | (6,020) | 196 | (6,707) |
| Loss before tax and zakat | (1,483) | (109,136) | (11,409) | (96,786) | (218,814) |
| Income tax expense | (2,441) | (17,022) | - | - | (19,463) |
| Net loss for the financial year | (3,924) | (126,158) | (11,409) | (96,786) | (238,277) |
| **Assets:** | | | | | |
| Segments assets | 30,370 | 31,378 | 109,108 | (105,953) | 64,903 |
| **Liabilities:** | | | | | |
| Segments liabilities | 4,818 | 88,976 | 136,827 | (38,656) | 191,965 |
| **Other segment information:** | | | | | |
| Bad debts written off | - | 972 | - | - | 972 |
| Capital expenditure | - | 280 | - | - | 280 |
| Depreciation of property, plant and equipment | 1,055 | 20,320 | 324 | - | 21,699 |
| Impairment losses on: | | | | | |
| - property, plant and equipment | - | 9,809 | - | - | 9,809 |
| - trade and other receivables | 19 | 11,572 | 3,045 | (3,045) | 11,591 |
| Inventories written off | - | 1,361 | - | - | 1,361 |
| Net unrealised loss/(gain) on foreign exchange | - | 53 | (81) | - | (28) |
| Reversal of impairment losses on trade receivables | (196) | (365) | - | - | (561) |

**31. SEGMENT INFORMATION** (continued)

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 RM12.901 million (2020: RM32.490 million) arose from sales of the catering services segment.

**32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

**(a)** On 27 July 2021, the Company entered into an agreement with MHC Trading (M) Sdn. Bhd. ("MHC") for the proposed outsourcing of management and operations of the Company's wholly-owned subsidiary, Tamadam Industries Sdn. Bhd. ("Tamadam") for a period up to 3 years.

The Company received a proposal from MHC to turn around and grow the business of Tamadam. Profits generated from Tamadam will initially be used for the repayment of the Company's overdue loan with OCBC Al-Amin Bank Berhad based on the stipulated repayment schedule, and subsequently to be divided between MHC and the Company on a 60:40 basis.

**(b) COVID-19 pandemic**

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

The Group has considered and estimated the impact of the COVID-19 pandemic in the Group's financial position and performance by carrying out the following assessments:

- impairment assessment of its property, plant and equipment, inventories and trade receivables;
- determination of additional provisions for rectification costs and onerous contracts; and
- assessment of constraints on variable consideration in relation to revenue recognition.

In developing the assumptions relating to the possible future uncertainties in the global economic conditions, the Group has, as at the reporting date, used internal and external sources, including economic forecasts and estimates from market sources. However, the impact assessment of the COVID-19 pandemic is a continuing process and the Group will continue to monitor any material changes to future economic conditions that will affect the Group.

**32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR** (continued)

**(b) COVID-19 pandemic** (continued)

The Group's operations are largely dependent on air traffic and hence, liquidity requirements and cash flow positions are subject to fluctuations and market exposures. As the Group's earnings and operating cashflows are expected to be affected by the challenging operating environment due to the COVID-19 pandemic, the Group is currently focusing on capital and cashflow management, including cost-cutting measures and actively seeking to enhance their financing facilities. These are expected to equip the Group with sufficient cash flows and financial resources to meet its obligations as and when they fall due. Details of the Group's liquidity risk management and available facilities are disclosed in Note 25(b)(ii).

As the ongoing COVID-19 pandemic continues to evolve, there is significant uncertainty over the duration of the pandemic and its full range of possible effects on the Group's financial and liquidity positions.

**BRAHIM'S HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**
*Pursuant to Section 251(2) of the Companies Act 2016*

We, **DATO' SERI IBRAHIM BIN HAJI AHMAD** and **MOHAMED ZAMRY BIN MOHAMED HASHIM**, being two of the directors of Brahim's Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements 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 2021 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

…………………………………………………………
**MOHAMED ZAMRY BIN MOHAMED HASHIM**
Director

Kuala Lumpur

Date: 29 April 2022

**BRAHIM'S HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATUTORY DECLARATION**
*Pursuant to Section 251(1) of the Companies Act 2016*

I, **MOHD FADHLI BIN ABDUL RAHMAN,** being the officer primarily responsible for the financial management of Brahim's Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements 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 the Federal Territory on 29 April 2022.

Before me,

Lot 333, 3rd Floor
Wisma New Asia
Jalan Raja Chulan
50200 Kuala Lumpur

PESURUHJAYA SUMPAH
W530
TAN SEOK KETT
BC/T/301
1/1/2022-30/9/2022
MALAYSIA

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**BRAHIM'S HOLDINGS BERHAD**
(Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Disclaimer of Opinion

We were engaged to audit the financial statements of Brahim's Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 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 7 to 86.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer of Opinion

1. As disclosed in Note 2.7 to the financial statements, the financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The application of going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and discharge their liabilities in the normal course of business.

   (a) During the financial year ended 31 December 2021, the Group and the Company incurred a net loss of RM47.642 million and RM6.786 million respectively and as of that date, the Group's and the Company's current liabilities exceeded the current assets by RM177.244 million and RM82.247 million respectively and the Group recorded a capital deficiency of RM163.363 million.

   (b) 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") on 28 February 2019, as the shareholders' equity of the Group is less than RM40.000 million and is 25% or less of its issued and paid-up capital.

   On 22 September 2021, the Company has obtained the approval from Bursa Securities for the extension of time until 27 February 2022 to submit its regularisation plan.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAHIM'S HOLDINGS BERHAD** (continued)
(Incorporated in Malaysia)

**Basis for Disclaimer of Opinion** (continued)

1. (continued)

(b) (continued)

On 25 February 2022, the Company has submitted an application for a further extension of time to Bursa Securities ("EOT Application"). Bursa Securities had vide its letter dated 7 April 2022, rejected the EOT Application of the Company.

A written appeal against the de-listing was submitted to Bursa Securities on 14 April 2022 and the removal of the securities of the Company from the Official List of Bursa Securities is currently pending the decision by Bursa Securities on the appeal. The trading in the securities of the Company has been suspended with effect from 15 April 2022.

(c) As disclosed in Note 12(a)(ii), on 21 April 2021, the Company received a letter of demand from OCBC Al-Amin Berhad's ("OCBC") appointed solicitor which claimed against the Company on the following:

i. the arrears of rentals due to OCBC in total sum of RM49.880 million as at 1 April 2021;
ii. the Company is given seven days from the date hereon to regularise the said payment, failing which OCBC shall have no option but be compelled to declare default in payment; and
iii. demand that the secured amount to be immediately due and payable.

On 22 April 2021, the Company has defaulted in repaying overdue rental sum of RM49.880 million as at 1 April 2021 as requested by the OCBC under an Ijarah Muntahiah Bi Al-Tamlik Term-Financing-i facilities granted by OCBC to the Company. Pursuant to the above, the Company has further triggered the prescribed criteria under Paragraph 2.1(f) of PN17 of the Listing Requirements on 22 April 2021.

On 12 May 2021, OCBC is agreeable to an interim indulgence to withhold legal action against the Company and all security providers until 1 November 2021 subject to compliance of certain terms and conditions.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAHIM'S HOLDINGS BERHAD** (continued)
(Incorporated in Malaysia)

**Basis for Disclaimer of Opinion** (continued)

1. (continued)

   (c) (continued)

   On 18 March 2022, the Company received a letter of demand dated 16 March 2022 from OCBC's appointed solicitor which claimed against the Company on the following:

   i. the outstanding rental sum of RM62.033 million as at 28 February 2022; and
   ii. the Company is given seven days from the date hereon to regularise the said payment, failing which OCBC shall have no option but be compelled to declare and demand that the secured amount to be immediately due and payable.

   These events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

   The ability of the Group and the Company to operate as going concerns is dependent on:

   - discussion with the financial institution for settlement which is still in progress;
   - its ability to continue its other remaining business operations and engage with the lenders and suppliers for their continuous support;
   - investment and funding from potential investors; and
   - formularisation and successful implementation of a proposed regularisation plan.

   In the event that these are not forthcoming, 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.

   We were unable to obtain sufficient appropriate audit evidence to determine whether the management's use of the going concern basis in the preparation of the financial statements of the Group and of the Company was appropriate.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**BRAHIM'S HOLDINGS BERHAD** (continued)
(Incorporated in Malaysia)

**Basis for Disclaimer of Opinion** (continued)

2. (i) As disclosed in Note 5(c)(i) to the financial statements, the carrying amount of property, plant and equipment (including right-of-use assets) of cash generating unit of catering and catering related services as at the end of the financial year amounted to RM150.067 million (2020: RM13.291 million) with the corresponding lease liabilities of RM155.477 million (2020: RM1.790 million).

   The Group has performed an impairment assessment on its cash generating unit in order to determine its recoverable amount based on its value-in-use.

   In the previous financial year, an impairment loss of RM9.809 million was recognised in respect of property, plant and equipment in the profit or loss. As at 31 December 2021, the Group is of the view that no further impairment is required to the property, plant and equipment.

   (ii) As disclosed in Note 6(c) to the financial statements, included in the carrying amount of investment in subsidiaries is an investment of RM69.540 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 determine whether any adjustments were necessary in respect of the recoverable amount of the property, plant and equipment of the Group and investment in subsidiaries of the Company, therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and of the Company respectively.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**BRAHIM'S HOLDINGS BERHAD** (continued)
(Incorporated in Malaysia)

**Basis for Disclaimer of Opinion** (continued)

3. Our auditors' report on the financial statements for the financial year ended 31 December 2020 included a disclaimer of opinion which includes the recoverable amount of goodwill, property, plant and equipment and investment in subsidiaries in relation to the cash generating units of the catering and catering related services.

   Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

4. In light of all the matters highlighted above, there may be further significant impact on the recorded assets, liabilities, income, expenses and the related disclosures of the Group's and the Company's financial statements. However, the financial statements have not taken into consideration these adjustments, if any.

   We were unable to determine whether any adjustments is required on the financial statements of the Group and of the Company.

**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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**BRAHIM'S HOLDINGS BERHAD** (continued)
(Incorporated in Malaysia)

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Group's and the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

*Independence and Other Ethical Responsibilities*

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion:

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

(ii) we have not obtained all the information and explanations that we required.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**BRAHIM'S HOLDINGS BERHAD** (continued)
(Incorporated in Malaysia)

**Other Matters**

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

| | |
|---|---|
| Baker Tilly Monteiro Heng PLT | Ng Boon Hiang |
| 201906000600 (LLP0019411-LCA) & AF 0117 | No. 02916/03/2024 J |
| Chartered Accountants | Chartered Accountant |

Kuala Lumpur

Date: 29 April 2022