IN THIS REPORT

COVER RATIONALE

The cover visual depicts the group's core business of in-flight catering and synergies with the Group's other businesses. The Company is growing towards a better tomorrow in providing quality products and services in a more aggressive and enterprising manner, meeting new market demands and evolving customers needs for sustainable growth. The cover also shows its synergistic strategy and embodiment of new life that represents the new partnership illustrating a stronger and more enriching vision and mission.


"We only use the freshest"

Vision Statement

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

Our Mission

To achieve a RM1.0 billion revenue by 2017 and rewarding stakeholders through steady earnings growth and dividends.

To constantly improve execution skills, upgrading R&D processes and financial and risk management to meet future challenges.

To develop viable and sustainable CSR programmes and be a preferred employer.

CALENDAR of EVENTS 2012

January

1st - Mr. Goh Kee Kuang appointed as new Chief Executive Officer of Brahim's Holdings Berhad

Febuary

8th - MOU signing with Thai Roung Ruang Sugar Group ("TRR")

13th - Announced proposed disposal of TISB

14th - Announced acquisition of Admuda Sdn Bhd

March

22nd - Completion of Section 132D, 10% placement of 17.9 million Shares of BHB

April

May

15th - 30th AGM at Menara Hap Seng

18th - Announced acquisition of 49% BLSG from LSG Asia

25th - Announced 1st Quarter results

29th - Participated in "Invest Malaysia 2012"

June

1st - Loan signing between OSK Investment Bank Berhad & BHB

9th - Brahim's sponsorship of Japan Super GT event at Sepang F1 track

July

11th - EGM : Acquisition of 60% equity interest in Admuda Sdn Bhd

13th - Launching of Baitul Hayati Foundation by Y.A.Bhg. Tun Abdullah at Cafe Barbera

August

16th - Loan signing at MITI witnessed by Y.B. Dato' Mukhris Tun Mahathir (Deputy Trade Minister) between Maybank & Admuda Sdn Bhd

17th - Announced 2nd Quarter results

September

3rd - UITM International Hospitality & Tourism Conference 2012 sponsorship

6th - EGM : Proposed acquisition of 49% equity interest in BLSG

26th - Cafe Barbera Jakarta 1st outlet launching

October

25th - Seminar on "Issues and Challenges in Airline Catering" by Professor Peter Jones at Menara Hap Seng

November

1st - Prize giving ceremony & launch of Brahim's Contest at Cafe Barbera

10th - Board of Directors retreat in Jakarta, Indonesia

21st - Announced 3rd Quarter results

30th - Loan signing between BHB and Standard Chartered bank, witnessed by Y.B. Senator Dato' Donald Lim Siang Chai (Deputy Finance Minister)

December

5th - Completed the adjourned EGM : Proposed acquisition of 49% equity interest in BLSG

23rd - Cafe Barbera catering to Proton / Lotus event

MEDIA HIGHLIGHTS
2012

Brahim's targets US$500m haj deal

EXPANDING GLOBALLY: Group to submit this month a proposal for a 20-year job from Muassasah to supply meals to Asian pilgrims

SHAREN KAUR
KUALA LUMPUR

BRAHIM'S Holdings Bhd, which aims to be a global player, is targeting a US$500 million (RM1.5 billion) project in Saudi Arabia to supply halal meals to Asian pilgrims performing the haj in Mecca.

Muassasah is expected to award the job ***next month****, says Brahim's director* ***Datuk Howard Choo***

KERJASAMA...Abdul Aziz (kanan) bertukar dokumen perjanjian dengan Pengarah Urusan Liputan Pelanggan, Perbankan Pemborongan Global Maybank, John Chong Eng Chuan sambil diperhatikan Mukhriz.

Admuda bina kilang gula

ADMUDA Sdn Bhd (Admuda) syarikat 60 peratus milik Brahim's Holdings Bhd (Brahim's) berhasrat membina kilang memproses gula dengan nilai pelaburan mencecah RM130 juta di Sarawak dan dijangka siap menjelang akhir 2013.

Pembinaan kilang di negeri itu dijangka menyamakan kadar harga jualan gula antara Semenanjung dan di negeri berkenaan yang ketika ini harga bagi sekilogram gula dijual RM2.40 di Sabah dan Sarawak berbanding RM2.30 di Semenanjung.

Pengerusinya, Tan Sri Abdul Aziz Shamsuddin berkata, kilang berkenaan dijangka dapat memproses sehingga 600,000 tan metrik gula setahun.

"Sabah dan Sarawak memerlukan kapasiti gula 350,000 tan metrik setahun," katanya pada majlis perjanjian pembiayaan oleh Malayan Banking Bhd (Maybank) kepada Admuda di Kuala Lumpur, semalam.

Hadir sama, Timbalan Menteri Perdagangan Antarabangsa dan Industri (Miti), Datuk Mukhriz Mahathir.

Kilang pemprosesan berkenaan akan didirikan di Demak Laut Industrial Park, Kuching dan produknya akan dikenali sebagai Borneo Sugar.

Abdul Aziz berkata, Admuda dijangka menyumbang 10 peratus kepada pendapatan Brahim's kerana ia bakal menjadi pengeluar gula terbesar bagi kedua-dua negeri terbabit.

Brahim's catering deal with MAS still intact

BRAHIM'S Holdings Bhd clarified that its existing catering agreement with Malaysian Airline System Bhd (MAS) is still intact, contrary to speculations that it had become a substantial issue at the latter's recent extraordinary general meeting. In an exchange filing yesterday, Brahim's said its unit LSG-Sky Chef Holdings Sdn Bhd will continue to work towards building a stronger partnership in support of MAS' efforts to enhance its branding and improve its service delivery platform. The company added that any operational issues will be reviewed and resolved progressively within the framework of the existing agreement. LSG-Sky Chef provides inflight catering and related services at the Kuala Lumpur International Airport (KLIA) and Penang airport. It has a 25-year concession, expiring in 2028, to provide catering and related services to MAS at both airports. Apart from MAS, it also provides inflight catering to over 35 airlines with the capacity to serve up to 50,000 meals daily at KLIA and up to 1,000 meals at the Penang airport.

Brahim's: BLSG stake deal imminent

A sweet venture for Brahim's

Brahim's defends concession with MAS

约旦厂房 12 月竣工

帕乐兴冀进军中东非洲

（吉隆坡 1 日讯）帕乐兴（BRAHIMS，9474，主板贸服股）首个位于约旦的厂房预计今年 12 月初竣工，公司放眼进军中东市场。

根据《星报》报道，帕乐兴执行主席拿督依布拉欣今天出席公司颁奖典礼后透露，帕乐兴计划扩展业务至中东和非洲。

"我们有意提升中东业务，因为当地提供更多机会，特别是清真食品。"

他指出，坐落在约旦的新厂房是帕乐兴与约旦政府的联营计划，将为约旦军队制造产品。

同时，帕乐兴也期望该厂房能成为中东市场中心。

印尼增 4 餐馆

帕乐兴近期获奈及利亚政府邀请到该国设厂生产清真食品，故放眼奈及利亚为潜在市场。

依布拉欣称，奈及利亚政府将融资有关计划，但目前还未成定局。

另外，今年 7 月份推介的帕乐兴日本食品获得日本市场接受。

该公司也计划明年在印尼多开 4 间餐馆，估计每间店面耗资约 150 万令吉。

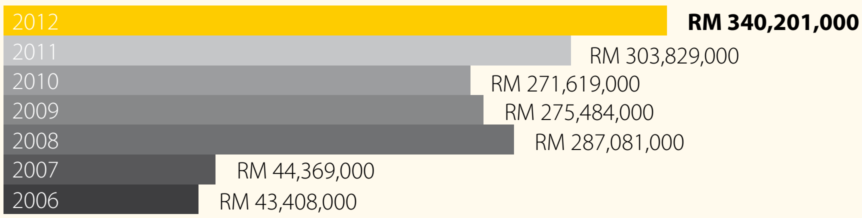
至于大马市场，帕乐兴明年将增设立 2 间餐馆。

目前，帕乐兴旗下 5 间店面分别坐落于孟沙、吉隆坡国际机场、梳邦双威镇及 Setia Walk。

FINANCIAL HIGHLIGHTS 2012

Total Assets ('000)

RM340,201



Revenue ('000)

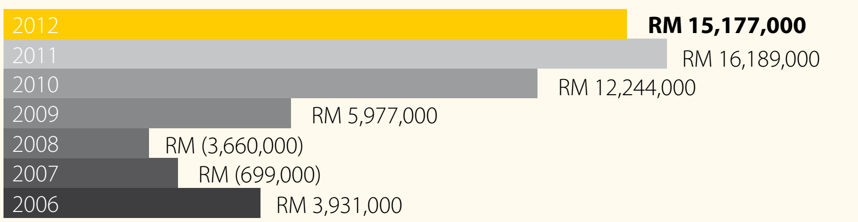
RM196,637

Profit Before Tax ('000)

RM24,254

Profit After Tax ('000)

RM15,177



SUMMARY OF FINANCIAL STATEMENT

	2006	2007	2008	2009	2010	2011*	**2012**
Statements of Comprehensive Income (RM '000)							
Revenue	14,603	12,275	107,592	156,741	165,811	186,113	**196,637**
Profit/(Loss) before tax	3,931	(699)	1,639	11,176	19,639	24,465	**24,254**
Profit/(Loss) after tax	3,931	(699)	(3,660)	5,977	12,244	16,189	**15,177**
Profit/(Loss) attributable to equity holders of the company	3,931	(699)	(4,103)	2,382	6,552	9,503	**8,663**
EPS/(LPS) (sen)	8.02	(1.43)	(2.80)	1.33	3.66	5.31	**4.30**
Statements of Financial Position (RM '000)							
Issued and paid-up capital	49,005	49,005	179,005	179,005	179,005	179,005	**214,805**
Total equity	26,432	25,732	159,890	152,051	164,294	179,840	**230,442**
Total assets	43,408	44,369	287,081	275,484	271,619	303,829	**340,201**

** restated*

BOARD OF DIRECTORS

Brahim's;

Every Heart, Every Home.

1. **Datuk Ibrahim Bin Haji Ahmad**
   Executive Chairman

2. **Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain**
   Non-Independent Non-Executive Director

3. **Mohamed Zamry Bin Mohamed Hashim**
   Executive Director

4. **Col (Rtd) Dato' Ir Cheng Wah**
   Independent Non-Executive Director

5. **Goh Joon Hai**
   Independent Non-Executive Director

6. **Dato' Choo Kah Hoe**
   Non-Independent Non-Executive Director

AUDIT COMMITTEE

Col (Rtd) Dato' Ir Cheng Wah
Chairman/ Independent Non-Executive Director

Goh Joon Hai
Independent Non-Executive Director

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

NOMINATION COMMITTEE

Goh Joon Hai
Chairman/ Independent Non-Executive Director

Col (Rtd) Dato' Ir Cheng Wah
Independent Non-Executive Director

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

REMUNERATION COMMITTEE

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

Goh Joon Hai
Independent Non-Executive Director

Col (Rtd) Dato' Ir Cheng Wah
Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER

Goh Kee Kuang

CORPORATE INFORMATION

Brahim's is acknowledged as a global and **Malaysia's leading HALAL in-flight catering company** and major operator of restaurants and cafes in KLIA and LCCT and soon in KLIA 2.

Brahim's serves **over 36 international commercial airlines flying** out of KLIA and Penang with MAS as its major customer. Brahim's **produces an average of 40,000 meals per day** out of its flight kitchen in Sepang, KLIA catering to over 190 flights daily.

COMPANY SECRETARIES

Pang Chia Tyng
(MAICSA 7034545)

Lim Lee Kuan
(MAICSA 7017753)

REGISTERED OFFICE

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 03-2382 4288
Fax : 03-2382 4170

BUSINESS/ CORPORATE OFFICE

7-05, 7th Floor
Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Tel No : 03-2072 0730
Fax No : 03-2072 0732

AUDITORS

Crowe Horwath
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel No : 03-2788 9999
Fax No : 03-2788 9998

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad ("BMSB")
Stock Name: BRAHIMS
Stock Code: 9474
Sector: Trading / Service

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-78418000
Fax : 03-78418152

SOLICITOR

Jeffrey Wong & Partners
4th Floor, Ghee Hong Building,
No. 47, Jalan Ampang,
50450 Kuala Lumpur.
Tel : 03-9072 3630
Fax : 03-2072 7036

CORPORATE STRUCTURE
as at 26 April 2013

Brahim's
Brahim's Holdings Berhad

- 100% **Brahim's Airline Catering Holdings Sdn Bhd**
  (Formerly Known As Brahim's-LSG Sky Chefs Holdings Sdn Bhd)
  - 70% **Brahim's Airline Catering Sdn Bhd**
    (Formerly Known As LSG Sky Chefs-Brahim's Sdn Bhd)

Malaysia Airlines System Bhd — 30% **Brahim's Airline Catering Sdn Bhd**

malaysia airlines

- 100% **Cafe Barbera (SEA) Sdn Bhd**
- 100% **Tamadam Industries Sdn Bhd**
- 100% **Tamadam Crest Sdn Bhd**
- 100% **Tamadam Marketing Sdn Bhd**
- 100% **Brahim's Trading Sdn Bhd**
  (Formerly Known As Tamadam CWT Sdn Bhd)
- 60% **Admuda Sdn Bhd**
- 51% **Dewina Host Sdn Bhd**

LETTER TO SHAREHOLDERS

Datuk Ibrahim bin Haji Ahmad
Executive Chairman

Your Board is mindful of earnings dilutions and thus pursued certain growth dynamics to reflect earnings visibility in tandem with enlarging its core competency business footprint.

Your Group's future plans include earnings accretive M&As, and becoming a globalised champion in Halal Food Services and Facilities Management.

Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present my FIFTH ANNUAL REPORT to Shareholders. In the previous annual report I mentioned Year 2011 was a period of strong performance at Brahim's Holdings Bhd (BHB) and we reported earnings at record high. I also touched on building a strong foundation to undergrid our business ambitions beginning with our "Transformation Plan" in 2012. Taking our transformation programme seriously, your Board held a retreat session in Jakarta on 10 and 11 September 2012 to review and take stock of the progress made.

A YEAR OF ACQUISITIONS IN 2012

In the year 2012, your Company continued with its growth momentum and announced 2 major acquisitions. Firstly, the acquisition of a 60% equity interests in Admuda Sdn Bhd which holds a licence from MITI for the manufacturing of refined sugar and molasses designated in Sarawak, East Malaysia. Whilst the plant has to be located in Kuching, Sarawak, there are no further restrictions as to its imports of raw sugar and exports of refined sugar. Details of this acquisition were spelt out in a 'Circular to Shareholders' dated 26 June 2012.

Secondly, the company also announced the acquisition of the remaining 49% shares in Brahim's–LSG Sky Chefs Holdings Sdn Bhd (BLSG), which it does not own, making BLSG a 100% subsidiary of BHB. This acquisition will have a profound impact on BHB, as it will allow for a full consolidation of revenue and earnings from the flight catering business as opposed to the past few years of merely equity accounting for revenue and earnings only.

In short, this acquisition upon its completion, will create a quantum leap in your Company's performance. I am pleased to inform Shareholders that this major milestone was finally completed on 7 January 2013.

The other important follow through was our acquisition of 51% in Dewina Host Sdn Bhd, a major F&B operator in KLIA and LCCT back in 2011. For this year 2012, your Company was able to recognise a full 12 months contribution from this business division.

Full details of your Company's operations and performance are now discussed under the Section "Management Discussions and Analysis". This section was initiated in our financial reporting since 2011 in line with best practices and recommendations of Bursa

Gross profit before factoring administrative and overheads cost including finance costs, improved by **10%** YOY to **RM114.1 million**

Malaysia Securities Bhd. As part of our transformation and information dissemination best practices, we have also devoted a separate section to discuss your Group's "Corporate Responsibility" activities for 2012.

SUSTAINED PERFORMANCE

For 2012, the Group's growth momentum was reflected in a 5.7% increase in revenue to RM196.6 million from RM186.1 million a year ago. Gross profit before factoring administrative and overheads cost including finance costs, improved by 10% YOY to RM114.1 million (2011: RM103.7 million). Profit before tax remain stable at RM24.3 million (2011: RM24.4 million). However after tax profits were lower by 6.3% at RM15.1 million from RM16.1 million, arising from some non-allowable CAPEX improvements.

Arising from a 10% share placement permitted under section 132(D) of Companies Act 1965 and partial share issuance in the Admuda Sdn Bhd acquisition, your Company's paid-up and issued share capital was enlarged from RM179.0 million to RM214.8 million in 2012. Your Board is mindful of earnings dilutions and thus pursued certain growth dynamics to reflect earnings visibility in tandem with enlarging its core competency business footprint. Your Group's future plans include earnings accretive M&As, and becoming a globalised champion in Halal Food Services and Facilities Management.

Despite 2012 being a challenging year unsettled by the Euro crisis, the US financial markets turmoil namely the 'fiscal cliff', slowdown in global growth and our dismal quarter one results arising from our core customer, MAS, routes realignment, your Group however, bounced back strongly in the last 3 quarters and even managed to surpass 2011 top line performance.

CORPORATE GOVERNANCE

Moving forward, your Group has charted out a growth roadmap and added a VISION and MISSION statement as a beacon to guide management and employees alike. This is necessary as the Group human resources continue to expand in line with its growth plans. We have also added a 'Board Charter' and 'Code of Ethics' to be in line with governance requirements and to also guide our staff members.

In Brahim's Holdings Bhd we live and breathe on values that we believe in and integrity is an integral part of our values. It is a hallmark of ethical leadership that mirrors the whole organization and forms a baseline that serves as a reference or measure of the organization's standing.

The Code of Business Ethics is important in maintaining integrity, exercising transparency and accountability, prudent management of resources and maximizing returns. Coupled with our Code of Conduct that articulates a clear policy that promotes zero tolerance to fraud and corruption, we in Brahim's Holdings also develop a detailed implementation programme to ensure that every employee in the company possesses knowledge of all aspect of the policies, values and procedures fundamental to the codes.

BHB integrity plan provides culture

LETTER TO SHAREHOLDERS (continued)

of professionalism that promote transparency and accountability amongst its workforce to foster and maintain public confidence in Company integrity and ensure shareholders interest are protected.

Warrant Buffet quoted, "In looking for people to hire, you look for three qualities: Integrity, Intelligence and Energy. And if they don't have the first, the other two will kill you". This quote by him do have influence over our talent recruitment and talent management process.

PROSPECTS AND GROWTH FOCUS

Your company continues to enlarge its footprint in the airport F&B business. Dewina Host Sdn Bhd, our 51% subsidiary company was successful in its bid for new outlets in the new KLIA2 terminal. It was awarded 2,572.60 sq. metres known as Premium Food Court at the international departure mezzanine area and another 133.76 sq. metres of F&B outlet space at the airside area.

Our outlets would offer a variety of Asian and international cuisines ranging from chicken rice, noodles, satay, Japanese fare, Indian cuisine to kebab and bread and pastries. There will also be a Burger King and speciality chicken F&B outlet. The KLIA2 terminal is expected to start operations by end June 2013.

Back in May 2012, your company was selected to participate with 41 other listed companies on Bursa Malaysia in the prestigious "Invest Malaysia 2012" event. The theme was 'Capitalise in Asean's Multinational Marketplace' and was organized by Bursa Malaysia and Maybank Investment Bank. The companies were chosen as Ambassadors of Malaysia's growth story, to represent and spearhead corporate Malaysia's emergence as a dynamic and advancing economy. It is your Board's every intention to steer Brahim's Holdings Berhad into a global champion in the Halal food services business in line with its vision statement of being an integrated high performance Halal food group with a globally recognised brand.

To this end we will work hard to stay on course to deliver Shareholders' value. We will focus strongly on three areas. Firstly, on cascading a new Vision and Mission Statement to the Group to rejuvenate optimism and teamwork. Secondly, to continue with sustaining earnings and growth trend, and thirdly, remaining agile whilst thriving in a competitive and uncertain environment.

ACKNOWLEDGEMENTS

In 2012, we have witnessed the entry of several new corporate Shareholders in addition to our existing Shareholders. I would like to express my appreciation to all our Shareholders alike for the confidence and staying with the company and supporting the Board in its growth and transformation programme. Our CEO Mr. Goh Kee Kuang, appointed on 1 January 2012, continues to captain the Group and provides leadership to navigate the Group forward.

My heartfelt thanks to our customers, partners, colleagues and our Bankers for their support throughout the year.

Finally, my special thanks and gratitude to my fellow Board Members for their wise counsel and invaluable contributions and also to Mr Cheam Heng Cheang who stepped down from the Board on 12 September 2012, for his past services to the Company.

Datuk Ibrahim bin Haji Ahmad
Executive Chairman

26 April 2013

“We’re passionate about our business”

BOARD OF DIRECTORS' PROFILE

Datuk Ibrahim bin Haji Ahmad
Executive Chairman

Aged 66, was appointed a director of Brahim's Holdings Berhad on 15 May 2008. He was redesignated as the Executive Chairman on 9 July 2008.

Datuk Ibrahim is the founder and Executive Chairman of Dewina Holdings Sdn Bhd. He holds a Masters degree in Food Technology and a Diploma in Agriculture. A former lecturer and founding member of the Faculty of Food Science and Biotechnology, University Putra Malaysia and subsequently the Head of Corporate Research and Development at a public listed company. Datuk Ibrahim has wide experience in food and agrobased industries and has been involved in various professional organisations holding posts such as National Representative of the UNESCO Regional Network for Basic Sciences, Secretary-General of ASEAN Federation of Food Processing Industries, Member, International Standards Committee SIRIM, Council Member of Malaysian Microbiological Society and Malaysian Institute of Food Technology besides sitting on various state and federal advisory bodies.

Datuk Ibrahim founded Dewina Food Industries in 1986 and steered it to public listing on the BMSB in 1995 after which the company diversified into various food-related business and went private again in 2002. Datuk Ibrahim was honoured with the Anugerah Usahawan (Entrepreneurship Award) in 1993 and with a Datukship in 2002. Datuk Ibrahim sits on the board of Brahim's Airline Catering Sdn Bhd ("BAC"). Currently, he is a member of the Board of Trustees of Baitul Hayati Foundation (a Non-Profit Organisation). He is a shareholder and director of various other private companies.

Datuk Ibrahim attended eight out of the ten board meetings of Brahim's Holdings Berhad held during 2012. He has no family relationship with any director and/or substantial shareholder of Brahim's Holdings Berhad and has no conflict of interest with Brahim's Holdings Berhad nor has he been charged with any offences within the last ten years.

BOARD OF DIRECTORS' PROFILE (continued)

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

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, aged 69, was appointed a director of Brahim's Holdings Berhad on 15 May 2008.

Currently he is the Chairman of Century Software Holdings Berhad and Yayasan Arshad Ayub (a Non-Profit Organisation).

Tan Sri Dato' Mohd Ibrahim is a graduate from British Institute of Management and Institute of Marketing in the United Kingdom and holds a Masters in Business Administration from the University of Ohio, in the United States of America. Upon his graduation in 1965, he was attached to University of Technology MARA (formerly known as Institute of Technology MARA) as a lecturer where he was later appointed as a Council member/ Director, a position which he held until October 2006.

Previously, he had served as Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad, Pan Malaysian Industries Berhad, Pan Malaysian Holdings Berhad, Pan Malaysia Capital Bhd, Chemical Company of Malaysia Berhad and Kawan Food Berhad, Deputy Chairman of Metrojaya Berhad and Director of K & N Kenanga Bhd.

Tan Sri Dato' attended seven out of ten board meetings of Brahim's Holdings Berhad held during 2012. He has no family relationship with any director and/or substantial shareholder of Brahim's Holdings Berhad and has no conflict of interest with Brahim's Holdings Berhad nor has he been charged with any offences within the last ten years.

Mohamed Zamry Bin Mohamed Hashim
Executive Director

Aged 57, was appointed a director of Brahim's Holdings Berhad on 15 May 2008. Encik Mohamed Zamry holds a Bachelor of Arts (Hons) in Accounting from the University of Bolton, UK and a post-graduate Masters of Marketing from the University of Newcastle, Australia. He also holds a Diploma in Insurance, a Part 1 Banking Diploma from the Institute of Bankers, UK and a Diploma in Banking and Financial Services from the Institute Bank-Bank Malaysia. He is an Associate Member of the Malaysian Insurance Institute, an Associate of the Chartered Institute of Insurance, UK and also the Institute Bank-Bank Malaysia. He is also a Fellow Member of the Institute of Public Accountants, Australia, IPA and held the position of Vice-Chairman of the Malaysian branch of the IPA for a year.

Encik Zamry has extensive experience in banking, finance and insurance. He was attached to Standard Chartered Bank from 1977 to 1994 and later to Guardian Royal Exchange Berhad (now known as AXA Insurance) from 1996 to 1998. Since then, he has worked for a number of organisations involved in various business activities ranging from IT, property development and oil and gas. He has worked on a number of projects in Australia, Philippines and Indonesia.

Encik Zamry is currently Group Chief Operating Officer of Brahim's-Dewina Group of Companies. His position in the company was re-designated to Executive Director in December 2012. He sits on the Board of Café Barbera (SEA) Sdn Bhd and Brahim's Trading Sdn Bhd and he is also an Alternate Director in Brahim's Airline Catering Sdn Bhd and Dewina Host Sdn Bhd. He is not a director of any other public companies.

Encik Zamry attended all the board meetings of Brahim's Holdings Berhad held during 2012. He has no family relationship with any director and/or substantial shareholder of Brahim's Holdings Berhad and has no conflict of interest with Brahim's Holdings Berhad nor has he been charged with any offences within the last ten years.

Col. (Rtd) Dato' Ir Cheng Wah
Independent Non-Executive Director

Col. (Rtd.) Dato' Ir Cheng Wah, aged 74, has been a director of Brahim's Holdings Berhad since 24 December 1993.

Col. (Rtd.) Dato' holds a Bachelor of Engineering degree in Civil Engineering from the University of Malaya. He is a Professional Engineer with the Board of Engineers, Malaysia. He is also a graduate of the Royal Military Academy, Sandhurst, UK and the Command and General Staff College, Fort Leavenworth, USA.

Col. (Rtd.) Dato' served the Malaysian Armed Forces for 26 years. Amongst the appointments he held was Director of Armed Forces Works, Logistics Division, Ministry of Defence in 1978 and Director of Logistics, Ministry of Defence in 1980 before retiring in September 1983. On retirement he joined Genting Group, became Director of Development and later a Senior Vice President (Property Development) in Resorts World Berhad until his retirement in 2004. Currently, he is also a Director of Hwa Tai Industries Berhad and Kien Huat Berhad. Earlier, he had served as a Director in Koperasi Angkatan Tentera Malaysia Berhad (1978–1983), Chocolate Products Berhad (1986–1989), Pacific Bank Berhad (1983–2000) and Pacific Mas Berhad (2001–2007).

Col. (Rtd.) Dato' is the Chairman of the Company's Audit Committee. During the financial year he attended all10 board meetings as well as all the Audit Committee meetings held during 2012. He is also a member of Nomination Committee and Remuneration Committee. He does not have any family relationship with any director and/ or major shareholder of the Company, nor any personal interest in any business arrangement involving Brahim's Holdings Berhad. To-date, there has not been any occurrence of conflict of interest with Brahim's Holdings Berhad. He has never been convicted of any offence.

Goh Joon Hai
Independent Non-Executive Director

Aged 74, was appointed a director of Brahim's Holdings Berhad on 22 March 2002. Mr Goh is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Mr Goh graduated with a Bachelor of Arts (Honours) Degree from the University of Malaya in 1964. Subsequently, he obtained a Master of Business Administration from the University of British Columbia, Canada in 1966. He is a member of the Canadian Institute of Chartered Accountants, Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.

Mr Goh has been in public practice as a Chartered Accountant for over thirty years. He was a lecturer in the Faculty of Economics and Administration, University of Malaya. Later, he served as financial and corporate adviser to various organisations.

Mr Goh has been active in professional and social organisations and was a member of the Council of Malaysian Institute of Accountants between 1991 and 2000, during which time he served as Chairman of the Joint Technical Committee as well as Chairman of the Accounting and Auditing Committee. Earlier he was a member of the Council of the University of Malaya between 1972 and 1975 and a former Treasurer and Vice President of the Guild of Graduates, University of Malaya. He also served as a member of the General Committee of Royal Lake Club for many years and was President from 2006 to 2007.

Currently, he has no other directorship in any other public companies. Mr Goh is a member of the Company's Audit Committee. He attended all the board meetings of Brahim's Holdings Berhad as well as all the Audit Committee meetings held during 2012. He is also the Chairman of the Nomination Committee and a member of Remuneration Committee. He has no family relationship with any director and/or substantial shareholder of Brahim's Holdings Berhad and has no conflict of interest with Brahim's Holdings Berhad nor has he been charged with any offences within the last ten years.

BOARD OF DIRECTORS' PROFILE (continued)

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

Aged 59, was appointed a director of Brahim's Holdings Berhad on 9 July 2008. He was re-designated as a Non-Independent Non-Executive Director on 18 September 2009.

Dato' Choo holds a degree in Company Administration from Sheffield Hallam University and an MBA from the University of Wales and Manchester Business School. He holds professional qualifications as a Chartered Company Secretary, ACIS and is a founding and fellow member of the Malaysian Institute of Commercial and Industrial Accountants, FCIA and also a professional member of the Institute of Public Accountants, Australia, IPA.

Dato' Choo started his banking career in 1980. After 10 years in commercial banking he ventured into merchant banking for another five years. In 1995 he set up DBS Bank (then known as the Development Bank of Singapore) Offshore Banking Branch in Labuan, Malaysia and grew its business into the top five most profitable overseas operations within a period of three years. In 1999, just after the Asian Financial Crisis, he was seconded to Thailand to manage DBS Thai Danu Bank and was the Deputy President and Executive Director of DBS Thai Danu Bank from 1999 to 2003. In DBS Thai Danu Bank, he personally led the Debt Restructuring Group and Enterprise Banking Group. He was Chairman of the Y2K Task Force Committee and responsible for the Y2K Compliance of DBS Thai Danu Bank. Dato' Choo returned to Malaysia as Country Manager in August 2003. He was Managing Director, Country Manager and Chief Representative for DBS Bank Ltd, Kuala Lumpur Representative Office in Malaysia. He also held the post of Chief Representative for DBS Bank, Yangon Office.

As an active banker, Dato' Choo has authored three books on banking, published by the Institute of Banks, Malaysia and has presented numerous seminar papers on the Financial Services Sector. He has spoken at public forums in Malaysia and Thailand and is a trainer for the National Institute of Development Administration (NIDA), Thailand. He was a Chief Examiner for the Institute of Banks, Malaysia. For his contribution to the Financial Services Industry, he was awarded an Associate Fellowship by the Institute of Banks, Malaysia. He is also a resource person for the South East Asia Central Bank Training Centre (SEACEN) and has conducted courses for central bankers in Malaysia, Singapore, Taiwan, Korea, Thailand and Sri Lanka. Dato' Choo was appointed to the Bank of Thailand, Executive Decision Panel in 1999 under the Thai Nationwide Debt Restructuring Framework. He held the post of Vice-Chairman, Singapore-Thai Chamber of Commerce for two terms since May 2000 and is an advisor to the Chonburi Chamber of Commerce, Thailand. In October 2004, he was awarded the Darjah Kebesaran Sultan Ahmad Shah Pahang Yang Amat Di Mulia from HRH the Sultan of Pahang on His Royal Highness' 74th birthday which carries the title Dato'. He was appointed a Council Member of the MCA SME Bureau in September 2005 for a three year term until 2008 and re-appointed in 2011. In August 2005, he was appointed as a Professional Advisor for the International and Offshore Banking Program by University Malaysia Sabah, Labuan International Campus, School of International Trade and Finance. In 2006, he was appointed to the advisory panel of the Young Entrepreneurs Association Malaysia (PUMM) for a term of two years. In May 2007, he was awarded the Certificate of Appreciation by the Central Bank Governor for his services as Examiner for the Diploma in Banking and Financial Services examinations. He is currently the Chairman of Labuan Investment Banks Group. He is also the Industry Advisor for the corporate management degree program in the Universiti Malaysia Sarawak. He is also a part-time tutor for Wawasan Open University in the subject of Corporate Finance and International Financial Management since 2010.

On June 2012, Dato' Choo was appointed by Bank Negara Malaysia as a committee member in the Quality Assurance Committee for the Financial Sector Talent Enrichment Programme (FSTEP) for a one year period. On November 2012, Dato' Choo was appointed as a steering committee member of the Asian Banking School by the Institute of Bankers Malaysia (IBBM) for a term of two years.

Dato' Choo is a member of Company's Audit Committee. He attended all the board meetings of Brahim's Holdings Berhad as well all the Audit Committee meetings held during 2012. He was also appointed as a member of the Nomination Committee and Remuneration Committee on 9 July 2008 and thereafter became Chairman of the Remuneration Committee on 26 March 2012. He has no family relationship with any director and/or substantial shareholder of Brahim's Holdings Berhad and has no conflict of interest with Brahim's Holdings Berhad nor has he been charged with any offences within the last ten years.

CHIEF EXECUTIVE OFFICER'S PROFILE

Goh Kee Kuang
Chief Executive Officer

Mr Goh Kee Kuang was appointed as Chief Executive Officer on 1 January 2012. Mr Goh aged 57 years old, pursued his professional qualification, worked and qualified as a Chartered Certified Accountant in London from 1976 to 1982. He held the membership of Fellow of the Association of Chartered Certified Accountant and is currently a registered Chartered Accountant of the Malaysian Institute of Accountants.

Mr Goh returned to Malaysia in 1982 and has since then held key positions in several large public listed companies. Highlights of Mr Goh's corporate experience include the role of Strategic Development Director at Ramunia Holdings Berhad and served in various strategic capacities as General Manager in the Office of the Chief Executive, as Chief Financial Officer and as Senior General Manager, Ranhill Group of Companies. He was the principal coordinator with Renong Group and its financiers for the Singapore Second Crossing project.

Mr Goh brings with him a wealth of experience in value creation, strategic planning, mergers and acquisitions and execution skills.

MANAGEMENT DISCUSSION & ANALYSIS

"Dewina Host Sdn Bhd will expand its F&B airport centric business footprint by an additional 10 new outlets on 2,706.36 sq metres at KLIA 2."

1.0 INTRODUCTION

Brahim's Holdings Berhad's Group is the country's leading halal in-flight catering company through its 51% equity interests in BLSG which in turn owns 70% of LSGB. In January 2013, The Group had completed the acquisition of 100% equity interest in BLSG. In February 2013, BLSG was renamed as "Brahim's Airline Catering Holdings Sdn Bhd". And LSGB was renamed as "Brahim's Airline Catering Sdn Bhd." With this 100% acquisition, it is expected that BACH will enhance the contribution towards the Group.

The Group in 2011 completed the acquisition of 51% equity interests in Dewina Host Sdn Bhd, a major operator of restaurants and cafes in KLIA and LCCT. Dewina Host Sdn Bhd was successful in its bid for new outlets in the new KLIA 2 terminal, expected to be operational by June 2013. It was awarded 2,572.60 sq metres known as Premium Food Court at the international departure mezzanine area and another 133.76 sq metres of F&B outlet space at the airside area. This expansion of new outlets is expected to generate a higher level of contribution due to increase in number of passengers as compared to the previous year.

On July 2012, The Group also completed the acquisition of 60% equity interests in Admuda Sdn Bhd. This company has a valid license to carry on manufacturing activities for refined sugar and sugar molasses. It was expected that it will contribute progressively towards the Group once the plant is completed and operational which is expected to be in year 2015.

The Group has shifted from its logistics business to a more sustainable airport centric food services business and other Food & Beverage businesses. The Group in its transformation program will continue to seek out opportunities driven by our core competencies and strength in food services and food related businesses to broaden and deepen the Group's earnings base.

In this discussion and analysis of our financial condition and results of operations, we have included information that may constitute 'forward-looking statements'. These statements are not historical facts, but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. This information includes statements of current condition and may relate to our future plans and objectives.

2.0 EXECUTIVE OVERVIEW

	(RM'000) 2012	2011	% Change
Selected From Statement Of Comprehensive Income			
Revenue	196,637	186,113	5.7
Cost of Sales	(82,572)	(82,355)	(0.3)
Gross Profit	114,065	103,758	9.9
Other Income	3,203	799	300.9
Less: Distribution Expenses	(126)	(167)	24.6
Administrative Expenses	(75,866)	(69,814)	(8.7)
Other Expenses	(11,893)	(5,307)	(124.1)
Finance Costs	(5,130)	(4,805)	(6.8)
Profit Before Tax	24,253	24,464	(0.9)
Income Tax Expense	(9,077)	(8,276)	(9.7)
Net Profit After Tax	15,176	16,188	(6.3)
Total Comprehensive Income Attributable to:-			
Owners of the Company	8,663	9,503	(8.8)
Non-Controlling Interests	6,513	6,685	(2.6)
Selected Items From Statement of Financial Position			
Property, Plant & Equipment	48,582	45,930	5.8
Goodwill on Consolidation	198,148	178,401	11.1
Trade Receivables	33,070	38,993	(15.2)
Fixed Deposits & Cash/Bank Balances	35,383	29,117	21.5
Total Liabilities	109,759	123,989	11.5
Shareholders' Equity	217,014	171,563	26.5

Commentary:

Our diluted earnings per share was 4.30 sen for the year ended December 2012, compared with restated EPS of 5.31 sen for the year ended December 2011, lower by 19% year on year. Return on shareholders equity (ROE) was 7.0% for 2012 compared with 9.4% for 2011, representing a decrease of 25.5% over the previous year.

Book value per share increased by approximately 7.0% to RM1.07 compared with the end of 2011, whilst total assets grew by 12.0% to RM340.2 million. Share price increased by 112.5% to RM1.02 at year end as compared to the previous year.

2.0 EXECUTIVE OVERVIEW (cont'd)

Commentary: (cont'd)

The Group generated net revenue of RM196.6 million, an increase of 5.7% over 2011 restated revenues of RM186.1 million. Despite a challenging operating environment, the pretax earnings recorded only a slight drop of 0.9% to RM24.3 million over restated 2011 pretax earnings of RM24.5 million. Arising from tax adjustments, the after tax profit was slightly reduced by 6.3% to RM15.2 million over restated 2011 figures of RM16.2 million. These results reflected a growth in our clients.

In 2012, the Group continues to maintain its dominant market share of airline in-flight catering in KLIA. The acquisition of 51% equity interests in Dewina Host Sdn Bhd was completed in July 2011, contributed positively to both top line revenues and earnings. Dewina Host Sdn Bhd operates 8 F&B outlets in KLIA and LCCT. They are also actively engaged in their expansion plans into KLIA 2 which schedule to operational by June 2013.

And the acquisition of 100% equity interest in BACH in January 2013 will see an improvement of result in year 2013 over the year 2012. For next financial year, the Group should be able to fully incorporate a full 12-months contribution from this acquisition.

With the KLIA 2 ready in year 2013, the revenue is expected to increase arising from MAS taking delivery of new aircrafts in 2012 and the potential success of their marketing initiatives. Creeping inflationary factors and rising energy cost may impact our operational expenditure going forward.

	(RM'000)		%
	2012	2011	Change
Key Financial Ratios			
Liquidity			
Working Capital	6,902	(19,924)	134.6
Quick Ratio	1.03:1	0.76:1	35.5
Current Ratio	1.08:1	0.80:1	35.0
Net Sales Per Working Capital	28.5	(9.3)	406.5
Leverage/Gearing			
Total Borrowed Funds to Shareholders' Equity	0.25:1	0.40:1	37.5
Coverage			
EBITDA	36,362	35,727	1.8
EBITDA/Int. Exp + CPLTD	3.50	1.96	78.6
Profitability			
Return on Sales (%)	14.9	15.7	(5.1)
Return on Assets (%)	4.5	5.3	(15.1)

2.0 EXECUTIVE OVERVIEW (cont'd)

	(RM'000)		%
	2012	2011	Change
Profitability (cont'd)			
Return on Equity (%)	7.0	9.4	(25.5)
Gross Profit Margin (%)	58.0	55.7	4.1
Operating Expenses (%)	86.7	84.7	(2.4)
Operating Profit Margin (%)	14.9	15.7	(5.1)
Profit After Tax Margin (%)	7.7	8.7	(11.5)
Dividend Payout Rate (%)	N/A	N/A	N/A
Activity Ratio			
Interest Coverage Ratio	5.73:1	6.09:1	(5.9)
Receivables Turnover Ratio (days)	61	76	(19.7)
Payables Turnover Ratio (days)	22	31	(29.0)
Asset Turnover (net sales/total assets)	0.58:1	0.61:1	(4.9)
Profit Before Tax/Total Assets (%)	7.1	8.1	(12.3)
Growth (%)			
Total Assets Growth	12.0	11.9	0.8
Total Liabilities Growth	(11.5)	16.5	169.7
Net Worth Growth	28.1	8.9	215.7
Operating Profit Growth	0.4	18.8	(97.9)
Net Profit After Tax Growth	(6.3)	32.2	(119.6)
Sustainable Growth	7.0	9.4	(25.5)
Other Financial Indicators			
NA Per Share (RM)	1.07	1.00	7.0
Gross EPS (SEN)	11.29	13.67	(17.4)
Net EPS (SEN)	4.30	5.31	19.0
Share Price at Year End (RM)	1.02	0.48	112.5

"With 1,193 staff operating from a 59,000 sq meter complex in KLIA, BAC is the world's biggest halal flight kitchen and has won many international awards for quality and excellence."

3.0 BUSINESS OPERATIONS REVIEW

The Group's core business in food services is the main contributor to Group earnings with in-flight catering services and F & B operations contributing to 97% of turnover and a 113% of bottom-line profits from operations. The logistic sector was turned around and now making a slight profit for the year 2012.

3.1 In-Flight Catering Services

LSG Sky Chefs-Brahims Sdn Bhd (LSGB), formerly known as MAS Catering Sdn Bhd, is the principal in-flight services provider at both the Kuala Lumpur International Airport (KLIA) and Penang International Airport. LSGB was renamed as "Brahim's Airline Catering Sdn Bhd" (BAC) with effect from February 2013.

BAC currently serves 36 international airlines. BAC's is the main vendor to MAS, the national carrier, while other clients include Air Asia, Air Asia X, Etihad, Cathay Pacific, China Airlines, Japan Airlines, Korean Air, Thai Airways, Emirates Airliness, Garuda, KLM, Indian Airlines, Eva Air and Pakistan International Airlines.

BAC caters to an average of 190 aircrafts per day and prepares an average of 35,000 to 40,000 meals per day from its huge and highly sophisticated flight kitchen located at the KLIA. Menus are planned in collaboration with in-flight services teams from the customer airlines who usually stipulate their requirement. The chefs at BAC will then suggest recipe modifications taking into account the locally available raw ingredients. A food tasting session is then arranged before a new menu is adopted and finally implemented. BAC's flight kitchen is categoriesed into 3 departments known as the hot kitchen, the cold kitchen and the pastry and bakery kitchen. They produce a combinations of hot meals, cold salads, desserts, bread and pastries. The operations in the kitchen are enhanced by modern equipment.

Operating 24 hours daily with a maximum capacity of about 60,000 meals per day, BAC prides itself as a globally recognised 100% halal certified flight kitchen with a fully halal compliant integrated food logistic supply chain. Besides food, BAC also provides cabin handling services covering laundry services for pillows and blankets, filling the cabin trolley with items for in-flight sales as well as providing passenger headsets, newspapers and periodicals. With 1,193 staff operating from a 59,000 sq meter complex in KLIA, BAC is the world's biggest halal flight kitchen and has won many international awards for quality and excellence.

In 2003, BAC entered into a catering agreement with MAS, for the exclusive right to supply and provide in-flight catering and cabin handling services to MAS at both the KLIA and Penang Airport. Current business growth was due to the increase in number of meals served as more passengers travelled from KLIA and Penang airports as well as fleet expansion by several airlines including MAS, Air Asia, Air Asia X and Emirates. MAS continues to be BAC's main customer.

3.0 BUSINESS OPERATIONS REVIEW (cont'd)

3.1 In-Flight Catering Services (cont'd)

BAC is majority owned by Brahim's-LSG Sky Chefs Holdings Sdn Bhd' (70%)(since renamed Brahim's Airline Catering Holdings Sdn Bhd) and the balance (30%) owned by Malaysia Airline System Berhad ("MAS"). BAC is located at the Catering Building, MAS Complex, South Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan.

3.2 Restaurant Operations

3.2.1 Dewina Host Sdn Bhd operates an exciting portfolio of F & B brands in KLIA and LCCT. They provide a mix of international brands and local favourites that cater to different travelers' preferences. The restaurants and cafes currently in operation by Dewina Host Sdn Bhd at KLIA and LCCT are as follows:

Outlet Name	Type of Food Served	Outlet Location	Outlet Size (approximate square meters)
1. Burger King	Fast food	Arrival Level, Main Terminal Building, KLIA	150
2. Burger King	Fast food	Mezzanine Level, Satellite Building, KLIA	309
3. Café Barbera	Café	Departure Level, Main Terminal Building, KLIA	88
4. Asian Café (rebranded as Kopitime)	Café	Departure Level, Main Terminal Building, KLIA	78
5. Food Paradise	Casual Dining	Mezzanine Level, Satellite Building, KLIA	781
6. Taste of Asia	Casual Dining	Public Concourse, LCCT	360
7. Café Espresso	Café	International Departure Hall, LCCT	130
8. Café A/15	Café	Domestic Level, Contact Pier, Main Terminal Building, KLIA	15
		Total	**1,911**

3.2.2 Café Barbera (SEA) Sdn Bhd was incorporated in 2010 dealing in franchise gourmet coffee with an outlet at Lorong Maarof, Bangsar, on rented premises and a sub-franchise outlet at KLIA departure hall. It is a 100% subsidiary of Brahim's Holdings Berhad. The unique concept of Café Barbera is based on an exceptional blend of coffee products, current food trends, and consumer demands for fresher, tastier, lighter and healthier fare. Currently, there are five (5) Café Barbera outlets in Malaysia; Café Barbera Bangsar, Café Barbera KLIA, Café Barbera Sunway Pyramid, Café Barbera Subang Skypark and Café Barbera Setia Walk Puchong. They also sell coffee beans to hotels that have their coffee machines installed at the hotels, selected up-market cafes and supermarkets.

The management plans to have another six (6) outlets in the coming years. Datuk Ibrahim Hj. Ahmad (the founder of Brahim's Food) holds the exclusive rights of this franchise for Café Management, Franchise and Distribution for Malaysia, Singapore and Indonesia.

Barbera Caffe S.p.A., the Principal based in Naples, Italy was founded in 1870. Café Barbera offers world class high quality coffee and Italian dishes in a typically Italian café setting.

3.0 BUSINESS OPERATIONS REVIEW (cont'd)

3.3 Warehousing and Logistics Division

This business unit was turned around and now making slight profit of RM 0.076 million for the financial year 2012 against losses of RM4.1 million for financial year 2011. This unit operates a bonded warehouse on 15.134 acres on a sub-lease KTM land in North Port.

The Group has now rescinded the plan to divest this operations as it has now been turned around.

4.0 Business Environment

4.1 Global Overview

The global growth outlook is expected to improve in 2013. Financial and policy risks have receded compared to the situation over the recent two years. Policy measures introduced in the latter half of 2012 have reduced policy uncertainties and stress in the financial markets. In the advanced economies, the pace of recovery is likely to be weak, with the differential in national growth rates reflecting the degree of economic and financial stress in the individual economies. The outlook for the emerging economies is relatively more favourable, despite their vulnerability to external developments. For most of these economies, domestic demand remains the key driver of growth. Key to the trajectory of inflation will be the prices of commodities, in particular, oil and food crops. Overall, the pace of global growth would be contingent on the strength of the revival in private sector activity in the US, the commitment towards a credible and comprehen sive set of crisis resolution policies in the euro area and the sustainability of domestic demand in the emerging economies.

"The global growth outlook is expected to improve in 2013."

The **US** economy is expected to register modest growth, supported by an improvement in private demand which is expected to partially offset the ongoing fiscal consolidation. Consumption activity will remain a key driver of the private sector-led growth, supported by a recovery in the housing and labour markets. In the housing market, the improvements observed towards the second half of 2012 - in sales, construction starts and prices - are expected to continue in 2013 amid an accommodative interest rate environment. The positive developments in the housing market have already been translated into higher consumer confidence and employment, particularly in the construction sector. The labour market is benefiting from sustained job creation, although the degree of improvement will be constrained by prevailing structural weaknesses including the elevated long-term unemployment rate and the decline in the labour force participation rate.

4.0 Business Environment (cont'd)

4.1 Global Overview (con'd)

A significant development is the improvements in the household balance sheet and its effects on consumer confidence. By mid-2012, household net worth improved by 27% since 2009, bolstered by the recovery in house prices and the progress in deleveraging. Nevertheless, a faster pace of recovery of the economy continues to be constrained by the fiscal headwinds. Although the 'fiscal cliff' was partially averted following the agreement on 1 January 2013 to extend selected tax cuts and unemployment benefits, other measures, such as the expiration of payroll tax and sequester cuts, could dampen the pace of recovery.

Economic activity in the **euro area** is expected to remain weak due to structural constraints and the continued fiscal consolidation. While tensions in the financial markets have receded, fragile growth still persists particularly in the crisis-affected economies due to the ongoing fiscal austerity measures and structural adjustments. The sustainability of the fiscal position of the crisis-affected economies in the euro area remains a major concern, with public debt ranging between 90% and 171% in 2012. Private sector activity is further undermined by the tight financing conditions and weak labour markets. Financial institutions continue to be affected by their exposure to crisis-affected economies, hampering the provision of credit to the real economy. Labour market conditions are particularly weak in the crisis-affected economies such as Spain and Greece, where unemployment rates are at 26.2% and 26.6% respectively in November 2012. At the regional level, policy decisions directed towards the strengthening of the euro area, including in the area of banking union and greater fiscal cooperation, will continue to influence financial markets, business sentiments and subsequently growth.

In **Japan**, economic growth is expected to moderate, reflecting the diminishing effects from reconstruction-related demand over the recent two years, amid protracted weakness in domestic activity. While the nation's export performance is expected to recover gradually, growth will be supported primarily by more monetary and fiscal stimulus. Of significance, the Bank of Japan's recently introduced price stability target of 2% and commitment towards more aggressive monetary easing is expected to support the efforts to overcome deflation and promote growth. In addition, the newly-elected Japanese government has introduced a ¥10 trillion stimulus package (2.5% of GDP), comprising mainly of public work programmes and the provision of financial aid to businesses, which will cumulatively support the economic recovery. The growth trajectory, however, remains contingent upon the effective transmission of these policy measures to real economic activity.

4.0 Business Environment (cont'd)

4.1 Global Overview (con'd)

The economic performance in **Asia** is likely to improve in 2013, driven mainly by resilient domestic demand and a modest strengthening in export demand, particularly from the region. Government-led infrastructure investment will likely underpin the strength in domestic demand, particularly in the ASEAN economies. These initiatives include private-public partnerships in the Philippines, major infrastructure projects in Indonesia and rail transport network expansion programmes in Thailand and Singapore. Consumption growth will continue to be buttressed by income growth amid favourable labour market conditions, continued access to financing and government policy support, such as the implementation of, and increases in, minimum wages in several of the regional economies. In the more open economies, growth will be lifted by the gradual increase in global demand as the external environment improves. The economic expansion in PR China is expected to remain robust, with domestic economic activity set to become stronger during the year. While the Chinese government remains committed to restructuring the economy through efforts to boost consumption, targeted investments, particularly in infrastructure projects, will continue to be a key contributor to growth in the near term.

Global inflation is expected to remain moderate in tandem with the modest improvement in global demand. In the advanced economies, underlying inflationary pressures are expected to be subdued, reflecting excess capacity and weak demand in these economies. There are, however, signs of demand-pull inflationary pressures in the emerging economies following the stronger domestic activity. Nevertheless, on the supply side, the risk of cost-push inflation is expected to remain restrained, given the expectations of modest increases in the prices of global commodities. There are, however, risks of periodic spikes in commodity prices as have been observed over the recent two years. In the oil market, an escalation of unrest in the Middle East and North Africa could lead to higher prices of crude oil. In addition, food prices are susceptible to fluctuations given the low inventory levels of staple grains in some key export markets and potential supply disruptions due to adverse weather conditions. Upside risks to commodity prices may also emanate from greater demand following rising financial flows into these markets.

Notwithstanding the improving global growth prospects, **downside risks** remain considerable. In the euro area, the policy measures undertaken in the latter part of 2012 have reduced acute crisis risks but the key fundamental constraints remain unresolved. The sovereign debt crisis in Europe could re-intensify if further progress on the crisis resolution plans and reform measures is not realised. A renewed rise in government borrowing costs could jeopardise the fragile recovery process and would set back the progress that has been made.

“The Malaysian economy is expected to remain on a steady growth trajectory of 5-6% in 2013.”

4.0 Business Environment (cont'd)

4.1 Global Overview (con'd)

In addition, sharper-than-expected fiscal consolidation in the crisis-affected economies could also weaken growth prospects in the near term.

Given the divergent growth prospects between the advanced and emerging economies, the latter faces a different set of challenges. First, the large-scale policy easing in major economies has created massive amounts of liquidity, which has subsequently spurred a global search for-yield. Thus, the strong inflows of capital into the emerging economies are expected to continue. These inflows could result in macroeconomic and financial instability and might lead to excessive increases in exchange rates and asset prices in the recipient countries. Second, emerging economies could face higher inflationary pressures due to rising food and commodity prices. Upward pressures on prices could materialise in the event of supply disruptions arising from adverse weather conditions amid low inventories of selected food commodities. A confluence of these factors would pose challenges to policymakers in balancing the risks between growth and inflation, given the continued uncertainty in the global economic environment.

It should be noted that there is some upside potential to growth. In the US, a stronger-than expected recovery in the housing market may support business and consumer sentiments, cumulatively leading to a strengthening of private sector-led growth. Credible progress in policy setting in Europe has contributed to a gradual improvement in financial market conditions, which could facilitate an improvement in economic activity in the region. A firmer recovery would benefit the rest of the world through stronger trade activity and greater economic certainty.

(extracts from Bank Negara Malaysia Annual Report 2012)

4.2 Overview and outlook of the Malaysian economy

The Malaysian economy is expected to remain on a steady growth path with an expansion of 5-6% in 2013. Economic activity will be anchored by the continued resilience of domestic demand, and supported by a gradual improvement in the external sector.

Domestic demand, which recorded the highest rate of expansion over the recent decade in 2012, is expected to remain the key driver of growth in 2013, albeit at a more moderate pace. Growth in public and private investment is expected to remain strong, following the exceptional growth in capital spending in 2012.

4.0 Business Environment (cont'd)

4.2 Overview and outlook of the Malaysian economy (cont'd)

Private investment is still expected to record a double-digit rate of growth, driven by the continued capacity expansion of the domestic-oriented firms, ongoing implementation of projects with long gestation periods and a gradual improvement in external demand. Private consumption is projected to grow at a more moderate rate in the second half of the year, but it will continue to be supported by sustained income growth and healthy labour market conditions. Public sector spending is also expected to record lower growth given the ongoing consolidation of the Government's fiscal position and as the role of the private sector gains greater significance.

In line with the pace of expansion in domestic demand, imports of capital and consumption goods are also expected to moderate. However, imports of intermediate goods are projected to turn around and record positive growth as the improvement in the global economic environment leads to an increase in manufacturing exports. In particular, non-electrical and electronics (non-E&E) exports are expected to benefit from the positive growth prospects of the regional economies. Electrical and electronics (E&E) exports, meanwhile, are expected to experience a smaller contraction following manufacturers' continued efforts to diversify their production line-up and shift into the fast-growing mobile telecommunication sub-segment. The rebound in manufactured exports, however, will be partially offset by lower commodity exports, due to the expected softening of commodity prices. Services exports are expected to be higher due to a stronger travel account in line with the promotional campaigns for the run-up to the Visit Malaysia Year 2014, while growth in services imports is expected to be slower given the lower volume of imports. Overall, with the gradual recovery in exports and lower import growth, net export of goods and services is expected to exert a lower negative contribution to real growth in 2013. Nevertheless, the growth of imports is expected to continue to outpace exports amid the continued deficit in the income account and in current transfers. The current account surplus, while still remaining large, is expected to narrow further in 2013.

The underlying fundamentals of the economy are expected to remain strong, and will continue to support the growth prospects for the economy. Of importance, labour market conditions will remain favourable, with the unemployment rate projected to remain low at 3.1% of the labour force in 2013. In addition, the financial system continues to demonstrate resilience against the challenging external environment, with financial intermediation expected to continue to provide strong support to domestic economic activity. The strength of Malaysia's external position remains intact, with international reserves at healthy levels and external debt continuing to be low and within prudent limits.

We remain optimistic in our 2013 business outlook.

4.0 Business Environment (cont'd)

4.2 Overview and outlook of the Malaysian economy (cont'd)

Headline inflation is expected to average 2-3% in 2013. This inflation projection takes into account the expected higher global prices of selected food commodities and adjustments to domestic administered prices. Demand-driven price pressures are expected to be moderate. The wider forecast range reflects the greater uncertainty in the external and domestic developments.

Nevertheless, given the challenging external environment, there remain risks to the growth outlook. As in 2012, the potential re-emergence of instability in the euro area and slower growth in Malaysia's major trading partners may affect the Malaysian economy. While pressures from global commodity prices have receded, upside risks from non-fundamental factors such as adverse weather conditions and geopolitical developments could push commodity prices higher and adversely affect the growth prospects of Malaysia's major trading partners. Potential upside to the domestic economy could emerge if the domestic recovery in the advanced economies turns out to be better than expected. In particular, a stronger-than-expected recovery in the housing market may contribute towards a better performance in the US economy.

(extracts from Bank Negara Malaysia Annual Report 2012)

5.0 Critical Accounting Policies

The adoption of the accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent.

5.0 Critical Accounting Policies (cont'd)

The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy. The Group has applied FRS 7 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

6.0 Fair Value

Fair value is defined as a rational and unbiased estimate of the potential market price of a good, service, or asset, taking into account.

In accounting, fair value is the amount at which the asset could be bought or sold in a current transaction between willing parties, or transferred to an equivalent party, other than in a liquidation sale.

During the year, the Group has complied with FRS 139 where the standards require most of the financial assets and financial liabilities to be carried at fair value. The adoption of FRS139 has minor impact to the Group where RM50,490 has been fair valued in year 2010.

7.0 Results of Operations

7.1 Performance of current year compared to previous year

The Group's revenue of RM196.64 million in current year was higher against the restated previous year's revenue of RM186.11 million which was an increase of RM10.52 million or 5.7%.

The Group's profit before tax of RM24.25 million was lower against the restated previous year RM24.46 million which was a decrease of RM0.21 million or 0.9%.

Detailed analysis by each segment is as follows:

- **In-flight Catering and Related Services**
  The revenue for in-flight catering and related services segment for the current was lower by RM2.17 million or 1.3% to RM170.9 million from RM173.1 million restated in the previous year. The reduce in in-flight catering and related services revenue are resulted from the significant reduction of flight routes by BAC's major customer, Malaysian Airline System Bhd (MAS). The route cuts are part of MAS's major cost revamp, includes focussing on profitable routes, consolidating its administration base from Subang to KLIA and abandoning Kota Kinabalu as strategic hub. In Aug 2011, MAS, AirAsiaBhd (AirAsia) and its long-haul low-cost unit AirAsia X Sdn Bhd (AirAsia X) entered into a Comprehensive Collaboration Framework (CCF) which has resulted in uncertainties in the MAS business model. Revenue from other foreign carriers are expected to remain stable.

  The 2013 outlook for in-flight catering division is expected to be positive due to the completion of KLIA 2 in June 2013. It is expected to handle more flights as compared to the previous year.

7.0 Results of Operations (cont'd)

7.1 Performance of current year compared to previous year (cont'd)

- **F&B Segment**
  The revenue for F&B segment for the current year contributed RM20.1 million thus a significant increase from RM8.9 million in the previous year. This is largely resulted by an additional RM15.9 million in revenue for the current year contributed from the acquisition of Dewina Host Sdn. Bhd. which was concluded on 21 July 2011.

- **Warehouse Rental, Freight Forwarding, Transportation & Insurance Agency**
  The revenue for warehouse rental, freight forwarding, transportation and insurance agency segment for the current year was at RM6.4 million increasing from RM6.2 million in the previous year. This division is no longer the focus of the Group although it maintains a presence in North Port with a warehouse on a sub-lease land from KTM Warehouse Management Sdn. Bhd., a related company of the Malayan Railway Administration. The management had taken the necessary action to stem-out further losses from this business segment.

8.0 Balance Sheet and Funding Sources

One of our focus on risk management is on Balance Sheet size and Composition. While the Group's asset base changes arising from market fluctuations and client's activities, and the opportunities of new businesses, our Balance Sheet size and composition reflects (i) our ability to tolerate risk, (ii) our ability to access to funding sources and (iii) the mix of debt and equity in our Enterprise value to seize new business opportunities.

As the Group expands it business critical to move an efficient capital management mechanism and a strong finance committee to dynamically to manage assets and liabilities, including:-

- quarterly planning and review
- business-specific limits
- setting and monitoring key metrics and
- scenario planning and analyses.

Your Group has set up an Executive Board to carry out the above.

Total Asset of the Group increased to RM340.2 million from the restated RM303.8 million in the previous year representing a growth of RM36.4 million or 11.9%, largely the result of the acquisition of Admuda Sdn. Bhd.

8.0 Balance Sheet and Funding Sources (cont'd)

Group Shareholders Funds for the year likewise increased to RM217.0 million from RM171.5 million, a growth of RM45.5 million or 26.5%.

Group's Total Liabilities for the year decreased to RM109.7 million from RM123.9 million in the previous year.

Correspondingly, Net Assets per Ordinary Share of the Group for the year has improved to RM1.01 from RM0.95 in the previous year.

The following tabulation shows the Group's external funding sources:-

	BHB	BACH	TISB	CB	DH	TOTAL
External Credit Facilities	32,690,613	19,103,580	265,921	2,428,779	-	54,488,893
Average Cost of Borrowings (p.a)	6.63%	6.3% - 7.4%	6.98%	7.44%	-	

9.0 Overview and Structure of Risks Management

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

However, due to the complexity and management of a wide range of risks, the nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses. It should be noted that the Company's system of internal control and risk management are designed to provide reasonable but not absolute assurance against material misstatement, frauds or losses. It is possible that internal controls can be circumvented or overridden. Due to the changing circumstances and conditions, the effectiveness of an internal control system may vary over time.

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

10.0 Recent Accounting Developments

There were no major accounting developments that may affect the company and the group for the current financial year. See Note 5 to the consolidated financial statements for information about significant Accounting Policies and Note 4 on Basis of Preparation of the financial statements.

11.0 Risks Factors That May Affect Our Business

- The ongoing uncertainty over global economic growth remains a key concern. The Eurozone debt crisis lingers, recovery in the US remains unconvincing and growth in the Asia region seems to be moderating. Overall, a slower global economy could have an unfavourable impact on tourist arrivals and air passenger traffic growth, which will adversely affect the performance of our in-flight catering and F&B outlet operations at the airports. Concern over potential acts of terrorism and epidemic outbreaks could also serve to hurt the air travel industry, and undermine our core business.

11.0 Risks Factors That May Affect Our Business (cont'd)

- Rising costs and competition are also common risk factors within the food-related industry. In that respect, we have always possessed the core competencies, drawing on our experience and knowledge in food services and established relationships with our business partners and customers, to mitigate such business risks.

- Restaurant operation business in airports is highly competitive and is characterized by sensitivity to price changes, branding of products and changes in consumer preference and behavior. It is the intention of BHB to constantly review business strategies together with Host International Inc to mitigate business risks associated with restaurant operations. The Group would review the operation strategies on regular basis to enable the Group to react swiftly to changes in the industry to mitigate the industry risks.

- Like any other concessions, DHost's rights to operate the restaurants in the airport could materially and/or adversely affected by changes in political and economic conditions in Malaysia. These political and economic uncertainties include, but are not limited to, changes in political leadership, nationalization, expropriation and taxations.

- DHost's rights to operate in the airports are based on negotiated tenancy terms. DHost does not expect immediate major financial impact arising from the loss of rights by DHost until the expiry of the respective tenancies. In forging ahead the business strategies of BHB, the Board constantly reviews its operations and business activities and carefully considers business opportunities that may arise and present itself to the BHB Group. In the event that DHost loses the rights to operate the restaurants in the airports, DHost will take proactive steps to consider and venture into other profitable business with the view to counter for the loss in revenue and profit contribution of DHost. DHost's rental expenses was approximately 30% of the total operating expenses. As the rental expenses comprise a significant portion of the total operating expenses of DHost, any substantial increase in rental may adversely affect the profitability of DHost. Most of DHost's tenancy agreements are for a period between 2 to 3 years. Upon the expiry of the tenancy of a restaurant, Malaysia Airports (Sepang) Sdn Bhd or its affiliates ("Landlord") would have the right to review and alter the terms and conditions of the tenancy agreement. DHost would negotiate with the Landlord on the terms and conditions for the extension of the tenancy upon the expiry of the tenancy agreement. However, there is no assurance that the tenancy agreement will be renewed or extended. Nonetheless, based on the successful renewal of rental agreements by DHost historically, the management believes that DHost would be able to maintain a cordial relationship with Landlord in the future.

CORPORATE RESPONSIBILITY

Your Group continues to maintain initiative in its Corporate Responsibility activities. As BHB is merely an investment holding company, the bulk of its CSR activities are carried out by its key venture in LSGB (since renamed Brahim's Airlines Catering Sdn Bhd (BAC) on 6 February 2013).

WORKPLACE

BAC Production System (LPS)



BAC organized various LPS programme for their staff every year that will assist in the identification and steady elimination of waste. As waste is eliminated, quality improves while production time and cost are reduced. Among the programme were LPS Kick Off, LPS Workshop, LPS Awareness Program, KUL Concept Week and LPS Pilot Project. The staffs and the practical students from UiTM were given briefing, roadshow and shop floor analysis by their appointed mentors.

On 5 January 2012, Performance Management Unit (PMU) was formed to identify new issues of operations in BAC and will be one of LPS project. This unit lead by En MahadImin and assisted by Pn Noriah Ahmad and Pn Laila Fauziah Abdul Hanif as the PMU Executive. This team will conduct a research on Productivity, Inovation, 5S and others that will provide an integrated solution on costing, quality and delivery problems.

'KUL Concept Week' was held at BAC from 23 - 27 July 2013. The purpose of the meeting was to discuss about the LPS Pilot Project and implementation strategy among top management, BAC LPS Core Team and LPS Steering Committee. Among the guests invited were Mr Henry Mok (Manager Delivery & Services HKG), MrCreamson Tsai, Vince Poon and General Manager of BAC.

Later, five series of LPS Pilot Project were held at BAC with different objectives and involved company's staff. The five LPS Pilot Projects are Airline Equipment Packing Optimization, Tray Set UpProcess Optimization, Improve On Truck Loading Optimization, Improve MH Rotable Equipment Delivery to TSU and To Improve Hot Dish Out Process.

Halal Food Catering

BAC as the globally recognised halal airline food catering company, has organised various programs for their staff which include in-house training and workshop, briefing to suppliers and briefing from Jabatan Kemajuan Islam Malaysia (JAKIM). Other than that, BAC also received visits from Cosmo Catering (Japan) and Saudi Arabian Airlines to discuss halal food preparation. The Group has a good Halal Excellence Centre (HEC) here in Malaysia, which is also the reference point for LSG Sky Chefs whenever they want to certify some of their in-flight kitchen facilities around the world.

In line as the world's largest in-flight catering operation, BAC has renewed their Halal Certificate application for the year 2012, which involved 6,906 types of menus and 2,677 types of ingredients in BAC Kuala Lumpur only. The certification is important in improving the quality of food preparation that meets the customer's needs.

This was followed by a briefing session with suppliers together with JAKIM, BAC KUL Halal Department and BAC PEN Halal Department. The main purpose of this briefing was to update the suppliers and staff about the amendment to Trade Description Act (APD) 1972 and make sure they follow the halal description in BAC.

On 16 April 2012, a 'Comprehensive In-House Halal Training' was organised by Tuan Hj Abdul Rafek (Pengurus Audit dan Pematuhan MAS) for Halal Committee of BAC and MAS. Then, two days of Halal Workshop was held on 26 to 27 June 2012 at Bougainvilla Resort, Port Dickson. Among the activities carried out were lectures by JAKIM and discussion sessions on Halal issues in BAC. The Halal Committee members of BAC KUL were representatives from various departments including Purchasing, ICIS, Production, Store & Warehouse, Quality and Wash Equipment. The representatives also act as BAC Halal Internal Auditor, tutor and to assure an efficient and safe system to cater to halal food production and distribution throughout the year.

Collective Agreement 2012/2014

The signing ceremony on 30 March 2012 signifies the 2nd Collective Agreement (CA) signed between the BAC and KESPEL for the year 2012-2014. The new CA which was signed at Nilai Spring Golf and Country Club, Negeri Sembilan is another milestone achieved by both parties and it governs the terms and conditions of employment of the executives.

The BAC was represented by Mr Pieter Harting (BAC General Manager), meanwhile the Union was represented by YDP of KESPEL, En Roslan Denan. By signing of this agreement, executives are expected to play a major role by working closely in enhancing the productivity and quality of the work force.

Then on 4 April 2012, En Mohd Rodzi and En Zulmat (BAC) together with YDP of KESPEL submitted the CA to the office of Industrial Relation Court, Kuala Lumpur for registration.

A380 Super Truck

The Airbus A380 marks a new milestone in the history of Malaysia Airlines and BAC itself with the launching of four new High-Lifts called the "Super Truck" on 2 May 2012. The Super Truck was manufactured in Germany with lifting capabilty of up to 5000 kilograms and the height can reach 8 meter. The launching ceremony was graced by BAC& Group Chairman, Datuk Ibrahim Hj. Ahmad, BAC General Manager, Deputy General Manager, Senior Manager of Modal Insan, Head of Finance, representatives from MAS, department Heads and staffs of BAC.

Later on 21 May 2012, the Super Truck was used on Airbus A380 in KLIA for the first time for Emirates Airline. On the same day, Mr Robert James, specialist in Global RAMP Safety conducted a briefing and a practical training onairport ramp users of the Super Truck. Also in attendance were Mr Ali Alaidarous and Mr Karunagaran (representatives from Emirates Airline), En. Mohd Zaki Omar (Deputy General Manager), Mr Kumar Nair (Marketing Department) and En Mohd FarishMd Zain (Safety Department).

COMMUNITY

Collaboration With Higher Educational Institutions

BAC had entered into several MOU's with local higher educational institutions and special programs under government scheme for graduates or students. Four institutions that involved on the collaboration were Universiti Teknologi Mara (Dungun) with 26 students, IKBN (Peretak) with 22 students, Graduate Employability Management Scheme (GEMS) with 19 participants and 25 students from Sekolah Menengah Kejuruan (SMK) Negeri 1 Magelang, Provinsi Jawa Tengah, Indonesia.

The GEMS programme was launched on 13th March 2009 by Y.A.B Dato' Seri Mohd Najib Tun Abdul Razak, after announcing this scheme be part of the RM 7 billion stimulus package as part of the programme to mobilise the country's human capital towards supporting economic growth.The programme is open to graduates that still not employed after graduating for at least 6 months and each participant must undergo a two-months classroom training followed by a six-months on-the-job training with the participating organisations nationwide. As a result, 11 out of 19 participants had been offered to work with BAC.

Besides that, BAC also had a collaboration with Indonesia through National Dual Training Scheme Programme. Through this partnership, students will be exposed to the different cultures and traditions of a multi-racial country which is valuable and not easily available.

This collaboration gives students the opportunity to gain experience in the industry. The exposure and training given to the students can help to improve employability of graduates from their institutions that not only have the knowledge but also the necessary soft skills.

Students will undergo a six-months on-the-job training with BAC, which started with orientation week and then practical work experience. The Orientation Week kicked off with the briefing on job functions, rules and regulations and internal operation of BAC. Apart from monthly allowances, BAC also provides accommodation, transport and free food for the students.

CORPORATE RESPONSIBILITY (continued)

Charity Visits

A visit was organised by Dapur Penerbangan Pulau Pinang to Rumah Anak Kesayangan, Sungai Ara, Pulau Pinang with the objective to help the less fortunate people through small contributions. This charity program was headed by Cik Normalizawati and En Abdul Bashit, representative of BAC.

Meanwhile on 1 May 2012, a convoy ride was organised by Pertubuhan Komuniti Permotoran Utara from Penang to Pusat Jagaan Anak-anak Yatim dan Miskin Nurul Iman in Manjoi, Perak. The BAC also donated juice drinks to the convoy teams and the charity house through their staffs from Dapur Penerbangan BAC Pulau Pinang; En Rezuan Bin Abdull Rahim and En Samsudin Bin Hassan, in conjunction with the "Konvoi Amal Bermotosikal 2012".

Majlis Berbuka Puasa

27 July 2012:,A Berbuka Puasa ceremony was held for the staff and management with communities including orphans, single mothers and the needy at Anjung Selera of BAC. Also in attendance was BAC & Group Chairman, BAC General Manager, Deputy General Manager, Senior Manager of Modal Insan, Head of Finance and department Heads.

About 50 orphans from Kg Jijan, Selangor aged from 3 to 17 years old, the single mothers and the needys were specially invited in this yearly CSR event of BAC. Apart from food, the special guests later received Hari Raya goodie bags and also personal donations from the Group Chairman.

The ceremony of handling out "Bubur Lambuk" to the staff was held on 27 July 2012 at the compound of BAC and was attended by the management and staff of BAC. Among the guests that helped to distribute the "Bubur Lambuk" were BAC and Group Chairman, Datuk Ibrahim Hj. Ahmad, Mr. Pieter Harting (BAC General Manager), En. Ahmad Reza Kamaruddin (Senior Manager of Modal Insan), En.Ainul Hasnizam (Head of Finance), En. Mohd Zaki Omar (Deputy General Manager) and other department Heads.

10 August 2012: Dapur Penerbangan Pulau Pinang feted orphans and poor children from Kg Che Bema, Sungai Petani, Kedah at a Berbuka Puasa function. The event was graced by En Ahmad Reza Kamaruddin (Senior Manager of Modal Insan) and Department Heads.

Meanwhile, the Modal Insan Department of BAC organised two series of break fast session with the Government agencies including Labour Department and Industrial Relation Department. The first series was attended by representatives from Industrial Relation Departmentof Selangor at Shah Alam Convention Centre (SACC) and the second series event held at Marriot Hotel, Putrajaya with Labour Department of Bangi and Industrial Relation Department of Putrajaya. Among the guest invited was Tuan Haji Khusairi Lope Abdul Rahman (Director of Industrial Relation Department Selangor), En Roslan Denan (Yang DiPertua KESPEL) and Senior Manager of Modal Insan. The event's objective was to build a close relationship and as a token of appreciation.

Hari Raya Celebration

8 September 2012: BAC staff was invited by Dewina Group for Rumah Terbuka at their headquarters in Bangi, Selangor. Mr Scott Raymond Belfield (BAC Pastry Kitchen Unit) prepared a special cake for the BAC & Group Chairman, Datuk Ibrahim Hj Ahmad.

12 September 2012: BAC PEN; About 300 peoples attended BAC Penang Hari Raya celebration that created closer bonds between BAC's employees, customers and family members.

13 September 2012: BAC customers; Among the guests invited was Tan Sri Dato' Md Nor Yusof (MAS Chairman), BAC & Group Chairman, Tan Sri Dato' Mohd Ibrahim Mohd Zain, Dato' Mohd Salleh Ahmad Tabrani, En Badrul Hisham Harun, En Shamsul Amree Salleh and Management staff of BAC. The main objective of this event was to show appreciation to their loyal customers.

14 September 2012: BAC staffs and family members; The Hari Raya celebration in BAC was held at Plaza Sunken, BAC. A live band from Skyloaders Group of BAC' staffs played soothing Malay tunes to complement the lively dinner atmosphere. Among the guests invited were Executive Director of Dewina Group (Pn Nur Fatin Datuk Hj Ibrahim and her husband), Mr Pieter Harting (BAC General Manager), En Ahmad Reza Kamaruddin (Senior Manager of Modal Insan), En Ainul Hasnizam (Head of Finance), En Mohd Zaki Omar (Deputy General Manager) and Department Heads.

MARKETPLACE

Ramp Safety Excellence Award 2011

On 27 April 2012 at BAC Penang, Kitchen Operation and Production Department from BAC Penang received the Ramp Safety Excellence Award 2011 in recognition of five years of Zero Aircraft Damages from Mr Pieter Harting (BAC General Manager). This will educate all airport ramp users on the importance of safety while they carry out their duties.

Best Signature Dish

BAC received a special cake as a token of appreciation from Malaysia Airlines, after receiving the prestigious accolades of 'Best Airline Signature Dish' for its Satay, a traditional Malay dish, served in the Business and First Class cabins. BAC through Malaysia Airlines' on-board dining was also selected as the best in the skies, with the signature Satay, Malaysian grilled chicken and beef skewers in spicy peanut sauce, given the accolade of best signature dish on-board any airline. En Mahadi Bin Mohd Bakri representative from MAS presented the cake to Hot Kitchen Department of BAC in conjunction with the 5 - Star Status Skytrax Awards for Malaysia Airlines.

Visits from Private and Government Agencies

BAC received many visits from government and private agencies in Malaysia which include Ministry of Health, Royal Malaysian Customs Department (KLIA), Cosmo Catering (Japan), Saudi Arabian Airlines, Ri-Yaz Heritage Hotel & Spa (Kuala Terengganu) and special visits from Minister from Republic of Palau. In May 2012, students from University of Otago (New Zealand), Kolej Komuniti Rompin (Pahang), UiTM (Dungun), IKBN (Peretak) and Institut Kemahiran Tinggi Belia Negara (IKTBN) conducted a visit to BAC. They were given a briefing and taken on a kitchen tour by BAC. Among the kitchen unit that they visited were Butcher Area, Hot Kitchen Area, Cold Kitchen Area, Pastry Kitchen Area, Warehouse Department, Unit Tray Setting, Warewash and Loading Unit in Logistics and Transportations Department.

On 29 – 30 May 2012, Brahim's Holdings Berhad was invited to participate in Invest Malaysia 2012, organized by Bursa Malaysia and Maybank Investment Bank at Shangri-la Hotel, Kuala Lumpur. The Prime Minister of Malaysia YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak delivered the keynote address at the conference. Invest Malaysia 2012 focused on the progression of Malaysian's transformation – showcasing the detailed deliverables that have and will positively impact the Malaysian economy and capital market. Then, a post-site visit was conducted on 31 May 2012 by 36 Equity and Fund Managers from Khazanah Nasional, Maybank, PNB, EPF and Am Investment Management. En Wan Zainuddin (Production Manager) and Mr Chong Kwong Check (Equipment and Service Manager) conducted a briefing on BAC kitchen operations.

CORPORATE RESPONSIBILITY (continued)

MAS 5-Star Food Training Programme

BAC has continued the MAS 5-Star Food Programme with MAS Academy Cabin Crew Training and Standards Division in the year 2012. This one day training program was held on four different series; 22 March, 26 April, 24 May and 14 June 2012 at BAC. Around 25 – 30 participants from Senior Cabin Crew attended this program, which was aimed to give exposure and training in food preparation and also to improve the quality of food preparation that meets the customer's needs.

Special Audit by Japan Airlines (JAL)

On 25 April 2012, BAC received visits from Japan Airlines to conduct cleanliness audits in the kitchen of BAC. The visit was headed by Station Manager Mr Tamazaki, Assistant Manager Pax Handling Ms Kojima Yuka, Airport Manager Mr Toh Sun Hai and Cik Jamilah. The main purpose of this audit was to make sure BAC prepare and supply the quality of food that follows JAL's needs and standards.


Brahim's®
Airline Catering

“Your satisfaction is our motivation”

Code of Ethics

1. Brahim's Holdings Berhad will conduct its business honestly and ethically wherever we operate in the world. We will constantly improve the quality of our services, products and operations and will create a reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgment. No illegal or unethical conduct on the part of its executives, directors, employees or affiliates is in the company's best interest. Brahim's Holdings Berhad will not compromise its principles for short-term advantage. The ethical performance of this company is the sum of the ethics of the human resources who work here. Thus, we are all expected to adhere to high standards of personal integrity.

2. Executives, directors, and employees of the company must never permit their personal interests to conflict, or appear to conflict, with the interests of the company, its clients or affiliates. Executives, directors and employees must be particularly careful to avoid representing Brahims' Holdings Berhad in any transaction with others with whom there is any outside business affiliation or relationship. Executives, directors, and employees shall avoid using their company contacts to advance their private business or personal interests at the expense of the company, its clients or affiliates.

3. No bribes, kickbacks or other similar remuneration or consideration shall be given to any person or organization in order to attract or influence business activity. Executives, directors, and employees shall avoid gifts, gratuities, fees, bonuses or excessive entertainment, in order to attract or influence business activity.

4. Executives, directors, and employees of Brahims' Holdings Berhad will often come into contact with, or have possession of, proprietary, confidential or business-sensitive information and must take appropriate steps to assure that such information is strictly safeguarded. This information – whether it is on behalf of our company or any of our clients or affiliates – could include strategic business plans, operating results, marketing strategies, customer lists, personnel records, upcoming acquisitions and divestitures, new investments, and manufacturing costs, processes and methods. Proprietary, confidential and sensitive business information about this company, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis.

5. Misuse of material inside information in connection with trading in the company's securities can expose an individual to civil liability and penalties under the Capital Markets and Services Act 2007 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Under this Act, directors, executives, and employees in possession of material information not available to the public are "insiders". Spouses, friends, suppliers, brokers, and others outside the company who may have acquired the information directly or indirectly from a director, officer or employee are also "insiders". The Act prohibits insiders from trading in, or recommending the sale or purchase of, the company's securities, while such inside information is regarded as "material", or if it is important enough to influence you or any other person in the purchase or sale of securities of any company with which we do business, which could be affected by the inside information. The following guidelines should be followed in dealing with inside information:

   - Until the material information has been publicly released by the company, an employee must not disclose it to anyone except those within the company whose position require use of the information.
   - Employees must not buy or sell company's securities when they have knowledge of material information concerning the company until it has been disclosed to the public and the public has had sufficient time to absorb the information.
   - Employees shall not buy or sell securities of another corporation, the value of which is likely to be affected by an action by the company of which the employee is aware and which has not been publicly disclosed.

6. Executives, directors and employees will seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements.

7. Executives, directors, and employees will remain personally balanced so that their personal life will not interfere with their ability to deliver quality products or services to the company and its clients. Executives, directors, and employees agree to disclose unethical, dishonest, fraudulent and illegal behaviour, or the violation of company policies procedures, directly to management.

8. Violation of this Code of Ethics can result in discipline, including possible termination. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether or not the violator cooperated in any subsequent investigation.

Board Charter

1. PURPOSE OF CHARTER

This Board Charter sets out the role, composition and responsibilities of the Board of Directors ("the Board") of Brahim's Holdings Berhad.

2. PURPOSE OF THE BOARD

The Board has two broad purposes, compliance and performance:

COMPLIANCE: Conform with or exceed all legal requirements

Legal
- monitor compliance with the Memorandum and Articles of Association
- comply with directors' responsibilities
- comply with laws
- monitor insurance requirements

Accountability
- monitor financials
- compliance audits

PERFORMANCE: assist the organization to perform to its best potential

Strategy and policy
- approve Vision/mission and ensure it is embedded into the organization operations
- approve strategic plan and policies and monitor regularly

Accountability
- overall performance of the organization
- board evaluation, succession planning
- report outcomes to stakeholders
- manage the CEO

Public Relations
- represent and participate
- keep stakeholders informed
- project a strong and positive image
- promote the vision
- facilitate cohesion
- protect the interests of stakeholders
- speak with one voice regarding Board decisions

Risk management
- ensure up-to-date and effective risk profile and management strategy
- monitor critical risks

The Board, while meeting its responsibilities, is mindful of the organization mission and the objects of the organization as embodies in its Memorandum and Articles of Association.

3. ROLES AND RESPONSIBILITIES

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

The functions of the Board are to:

Provide effective leadership and collaborate with the Executive management team in:
- articulating the organization's values, vision, mission and strategies
- developing strategic (direction) plans and ordering strategic priorities
- maintaining open lines of communication and promulgating through the organization and with external stakeholders the values, vision, mission and strategies
- developing and maintaining an organization structure to support the achievement of agreed strategic objectives

Monitor the performance of the CEO against agreed performance indicators.

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

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

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

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

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

Ensure that all significant systems and procedures are in place for the organization to run effectively, efficiently, and meet all legal and contractual requirements.

Ensure that all significant risk are adequately considered and accounted for by the Executive management team.

Ensure that organization has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility.

The Board has no operational involvement in the conduct of organization's business activities and delivery of services. Its role is confined to setting and reviewing policy.

4. MEMBERSHIP AND TERM

The Memorandum and Articles of Association provides for a minimum of two (2) directors (so that a quorum can be formed to transact business at meetings).

Directors are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the organization.

Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.

The Board has not adopted a tenure policy, but the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board, upon recommendation of the Nomination Committee, shall justify and seek shareholders' approval in the event that it desires to retain a person who has served in that capacity for more than nine (9) years as an independent director.

5. BOARD/CEO relationship

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

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

The CEO is not a member of the Board.

6. BOARD CULTURE

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

Agendas
- The agendas of the Board limit presentation time and maximise discussion time.
- There are lot of opportunities for informal interactions among Board members.

Behaviour
- Board members are honest yet constructive.
- Members are ready to ask questions and willing to challenge leadership.
- Members actively seek out other member's views and contributions.
- Members spend appropriate time on important issues.

Values
- The Board serves the community by actively participating in governance.
- The Board is responsible to various stakeholders.
- Board members are personally accountable for what goes on at the organization.
- The Board is responsible for maintaining the organization's stature in the sector.
- Board members respect each other.

7. REPORTING

Proceedings of all meetings are minuted and signed by the Chairman of the meeting.

Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

Resolutions are first put to the Board in draft form (as a "Board Paper") and, once passed, are recorded in the Minutes Book.

8. REVIEW OF CHARTER

The Board will review this charter bi-annually to ensure it remains consistent with the Board's objectives and responsibilities.

9. PUBLICATION OF THE CHARTER

Key features of the charter is outlined in the Annual Report.

AUDIT COMMITTEE REPORT

CHAIRMAN

Col. (Rtd) Dato' Ir Cheng Wah - Independent Non-Executive Director

MEMBERS

Goh Joon Hai -Independent Non-Executive Director
Dato' Choo Kah Hoe - Non-Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board of Directors of BRAHIM'S HOLDINGS BERHAD ("the Company") hereby constitutes and establishes an audit committee ("the Committee") as provided below:-

1. Composition

   The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

   In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

   The terms of office and performance of an audit committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

2. Chairman

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

   The Chairman should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

3. Secretary

   The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

   The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

4. Meetings

   The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be the majority of members present, who shall be independent directors.

   The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

   All decisions at such meeting shall be decided on a show of hands on a majority of votes.

   The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

5. Rights

   The Audit Committee shall:

   (a) have authority to investigate any matter within its terms of reference;
   (b) have the resources which are required to perform its duties;
   (c) have full and unrestricted access to any information pertaining to the Group;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(e) have the right to obtain independent professional or other advice at the Company's expense;

(f) have the right to convene meetings with the external auditors, excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;

(g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;

(h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;

(i) meet as and when required upon reasonable notice;

(j) the Chairman shall call for a meeting upon the request of the External Auditors.

6. Duties and responsibilities

(a) To review with the external auditors on:
- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.

(c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.

(d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(e) To review with management:
- audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Company to external auditors.

(f) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

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

(h) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:

- changes in or implementation of major accounting policy and practices;
- significant and / or unusual matters arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(i) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the board.

(j) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

7. Attendance at Meetings

During the financial year ended 31 December 2012, the Audit Committee held a total of five (5) meetings. The details of attendance of the Committee members are as follows:

Name of Member	No. of meetings attended by Members
Col (Rtd) Dato' Ir Cheng Wah	5/5
Goh Joon Hai	5/5
Dato' Choo Kah Hoe	5/5

8. Summary of Activities

During the year under review, the following were the activities of the Audit Committee:

- Reviewed and discussed the observations, recommendations and Audit Report and the Management's comments in respect of the issues raised by the Internal Auditor on the evaluation of the system of internal controls.

- Reviewed the staffing requirements of the Internal Audit Department (IAD) to ensure that the IAD is adequately staffed with employees with the relevant skills, knowledge and experience to enable the IAD to perform its role including the provision of training.

- Reviewed the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.

- Reviewed and discussed the internal audit reports. The Committee was briefed by the Head of Internal Audit that in a few instances, the audit process identified certain control and operational weaknesses which were brought to the attention of the management and that corrective action had been taken to rectify the weaknesses.

- Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:
  - changes in implementation of major accounting policy changes;
  - the going concern assumptions;
  - significant adjustments resulting from audit;
  - major judgemental areas, significant and unusual events; and
  - compliance with accounting standards and other legal requirements.

- Reviewed the related party transactions and conflict of interest situation that may arise within the Company or Group including any transactions, procedures or course of conduct that raise questions of management integrity which were incurred during the financial year, were done in the ordinary course of business.

- The Audit Committee met with the external auditors twice during the year without members of management being present.

- Reviewed the acquisition of Admuda Sdn Bhd and Brahim's-LSG Sky Chef Holdings Sdn Bhd.

- Reviewed the Share Placement under Section 132 (d) of the Companies Act 1965.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognises the importance of practicing the highest standards of Corporate Governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value with corporate accountability and transparency.

As such, the Board of Directors continues to affirm its commitment in adhering to the Principles and Best Practices set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board of Directors has complied with the Best Practices set out in the Code throughout the financial year ended 31 December 2012.

THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS

Board Size, Leadership and Competencies

An experienced and effective Board consisting of mainly Non-Executive members with a wide range of skills and experience from financial and business background leads and controls the Group. The directors bring depth and diverse expertise to the leadership of the challenging and highly competitive in-flight catering, restaurant operation, logistics and warehousing businesses.

The Board continues to give close consideration to its size, composition, spread of experience and expertise. No individual or group of individuals dominates the Board's decision making. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account the long term interests of stakeholders of the Company.

As at 31 December 2012, the Board size of six members comprises the Executive Chairman, an Executive Director, two Independent Non-Executive Directors and two Non-Independent Non-Executive Directors. The composition of the Board meets the criteria on one-third independent directorship as set out in the Main Market Listing Requirements.

Board Duties and Responsibilities

The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times.

The principal responsibilities of the Board of Directors of the Company are as follows: -

- Approval of financial results
- Dividend policy
- Issuance of new securities
- Annual business plan
- Annual financial budget
- Acquisition or disposal of material fixed assets
- Acquisition or disposal of group companies

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion on the Executive Director, representing the Management, as well as to the properly constituted Executive Board. The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct are adhered to, in order that the Company achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders.

The Executive Board is entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective Terms of References.

The Board additionally provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholder's value. The Board is primarily responsible for:

- adopting and monitoring progress of the Company's strategies, budgets, plan and policies;
- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- considering management recommendations on key issues including acquisitions and divestments, restructuring, funding and significant capital expenditure;
- succession planning including appointing and reviewing the compensation of the top management;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and
- reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has delegated certain responsibilities to several Board Committees such as the Audit Committee, Nomination

Committee and Remuneration Committee which operated within clearly defined terms of reference.

The roles of the Executive Chairman and Executive Director are separate with clearly defined responsibilities to ensure the balance of power and authority. The Executive Chairman is primarily responsible for the orderly conduct and workings of the Board whilst the Executive Director is responsible for the overall operations of the business and the implementation of Board strategy and policy.

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interests of the Group, as well as shareholders, employees and customers.

Col (Rtd) Dato' Ir Cheng Wah is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by shareholders and other stakeholders.

Code of Ethics

The Company's Code of Ethics are set out in the Annual Report herein which covers all aspects of the Company's business operations, such as confidentiality of information, conflict of interest, gifts, gratuities or bribes, dishonest conduct and assault. The Code is expected to govern the standards of ethics and good conduct expected of Directors and employees of the Group.

Board Meetings and Supply of Information to the Board

All directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and are able to seek independent professional advice where necessary and, in appropriate circumstances, in furtherance of their duties.

The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedure and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary supports the Board in managing the Company's governance model, ensuring it is effective and relevant. The Company Secretary also ensure that deliberations at the Board meetings are well captured and minuted.

During the financial year ended 31 December 2012, ten (10) Board of Directors' meetings were convened. The details of attendance of the Board members are as follows:

Name of Director	No. of meetings attended	%
Datuk Ibrahim Bin Haji Ahmad	8/10	80
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	7/10	70
Col (Rtd) Dato' Ir Cheng Wah	10/10	100
Mr Goh Joon Hai	10/10	100
Dato' Choo Kah Hoe	10/10	100
En. Mohamed Zamry Bin Mohamed Hashim	10/10	100

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

Board Charter

The Board Charter is presented in this Annual Report and will also be posted on the Company's website. In the course of establishing a board charter, the Board recognizes the importance to set out the key values, principals and ethos of the Company, as policies and strategy development are based on these considerations. The Board Charter defines clearly the division of responsibilities and powers between the board and management as well as the different committees established by the Board.

BOARD COMMITTEES

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

Audit Committee

The Audit Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director with Col (Rtd) Dato' Ir Cheng Wah as Chairman of the Committee. The composition and Terms of Reference of the Audit Committee are also provided in this report.

The Audit Committee has explicit authority from the Board to investigate any matter and is given full responsibility within its term of reference and necessary resources which it needs to do so and full access to information. The Audit Committee also meets at least twice a year with the external auditors without the presence of the executive Board members.

Nomination Committee

As at the reporting date, the Board has established a Nomination Committee comprised exclusively of the following Non-Executive Directors:

No.	Name	Designation
1.	Goh Joon Hai (Chairman)	Independent Non-Executive Director
2.	Col (R) Dato' Ir Cheng Wah (Member)	Independent Non-Executive Director
3.	Dato' Choo Kah Hoe (Member)	Non-Independent Non-Executive Director

The terms of reference of the Nomination Committee include:

- annually review the required mix of skills and experience and other qualities, including core competencies which non-executive and executive directors should have.
- assess on an annual basis, the effectiveness of the Boards as a whole, the committees of the Board and for assessing the contribution of each individual Director, including Independent Non-Executive Directors. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented.
- be entitled to the services of the Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own record and for the purposes of meeting statutory obligations, as well as obligations arising from the Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory requirements.

Re-appointment and re-election of directors

Each director must retire from office at least once in every three years and can offer himself for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointment.

Each year, the Nomination Committee assesses the experience, competence, integrity and capability of each Director including any Directors over 70 years old who wish to continue his office before making recommendation to the Board.

Directors' Continuing Education

The Directors had during the financial year attended the following trainings, conferences, seminars and briefings relevant to their functional duties:

- Datuk Ibrahim Bin Haji Ahmad
  - Stakeholder Workshop to Drive Innovation in the Food Industry held on 11th January 2012

- Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain
  - Indonesia International Infrastructure Conference & Exhibition 2012 held on 28 – 30 August 2012
  - Business Transformation Leaders Conference held on 30 November – 1 December 2012

- Col (Rtd) Dato' Ir Cheng Wah
  - Corporate Integrity System Malaysia CEO Dialogue Session held on 29 November 2012
  - Role of the Audit Committee in Assuring Audit Quality held on 22 May 2012.

- Mr Goh Joon Hai
  - Persidangan Cukai Malaysia 2012 held on 3 & 4 July 2012
  - 2013 Budget & Tax Seminar held on 31 October 2012

- Dato' Choo Kah Hoe
  - The Labuan International Finance Lecture Series 2012 by YB Tan Sri Rafidah Aziz held on 24 November 2012
  - Seminar On Issues & Challenges In Flight Catering held on 25 October 2012
  - Islamic Wealth Management Forum held on 20 September 2012
  - Introduction to Labuan Financial Centre and Offshore Financial Services held on 31 May 2012
  - Invest Malaysia held on 29 and 30 May 2012
  - British Malaysian Chamber of Commerce Luncheon held on 24 April 2012

- Encik Mohamed Zamry Bin Mohamed Hashim

All the directors including the Chairman attended a 2 days seminar structured as a 'Board of Directors Retreat' in Jakarta, Indonesia on 10 and 11 November 2012. The topics covered areas on creating a Vision and Mission Statement for the Group as well as break-out sessions to chart a Road-Map on Growth and Future Plans plus a discussion on the building blocks for creating a High Performance Organisation.

Remuneration Committee

The Remuneration Committee is responsible for recommending the level of remuneration of individual directors. The interested Directors shall abstain from any discussion on their own remuneration packages. As at the reporting date, the Remuneration Committee comprises the following Directors:

No.	Name	Designation
1.	Dato' Choo Kah Hoe (Chairman)	Non-Independent Non-Executive Director
2.	Col (R) Dato' Ir Cheng Wah (Member)	Independent Non-Executive Director
3.	Goh Joon Hai (Member)	Independent Non-Executive Director

The terms of reference of the Remuneration Committee include:

- review, assess and recommend to the Board of Directors the remuneration packages of the executive directors in all forms, with other independent professional advice or outside advice, if necessary.
- be entitled to the services of the Company Secretary who must ensure that all decisions made on the remuneration packages of the executive directors be properly recorded and minuted.

Remuneration Policy and Procedures

The Code states that remuneration for directors should be determined so as to ensure that the Company attracts and retains the directors needed to run the Company successfully. In the Company, remuneration for Executive Directors is structured so as to link reward to corporate and individual performance. In the case of Non-Executive Directors, we believe that the level of remuneration should reflect the level of experience and responsibilities undertaken.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the company during the financial year are as follow:

Descriptions	Chairman RM	Executive Director RM	Non-Executive Director RM	Total RM
Fees	50,000	15,000	200,000	265,000
Salary and other emoluments	664,000	-	23,500	687,500
Benefits-in-kind (BIK)	-	-	-	-
Total	714,000	15,000	223,500	952,500

The number of Directors of the Company whose income from the Company falling within the following bands are:

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to 50,000	1	5	6
RM50,001 to RM100,000	-	-	-
RM600,001 to RM700,000	1	-	1

REINFORCE INDEPENDENCE

Annual Assessment of Independence

Reinforce Independence

Annual Assessment of Independence

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

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

Tenure of Independent Directors

One of the recommendation of the Corporate Governance states that the tenure of an independent director should not exceed a cumulative term of nine years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Col (Rtd) Dato' Ir Cheng Wah and Mr. Goh Joon Hai, who has served on the Board for more than nine years, remains objective and independent in expressing his views and in participating in deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Company.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

Dialogue with investors and shareholders

The Annual General Meeting is the principal forum for dialogue with shareholders. At each Annual General Meeting, the Board presents the progress and performance of the business and shareholders are encouraged to participate in the question and answer session.

Encourage Poll Voting

There will not be any substantive resolutions to be put forth shareholder's approval at the forthcoming Annual General Meeting. Nevertheless, the Company would conduct poll voting if demanded by shareholders at the general meeting.

Effective communication and Proactive Engagement

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the Main Market Listing Requirements pertaining to continuing disclosures, it also adopts the best practices as recommended in the Malaysian Code on Corporate Governance 2012 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the Main Market Listing Requirements.

The Company dispatches its Annual Report to shareholders as soon as practicable and within requirements of the Companies Act as well as the Main Market Listing Requirements. The Annual Report allows shareholders to have timely information about the Company, its operations and performance. All information to shareholders are available electronically as soon as it is announced or published.

Another key avenue of communication with its shareholders is the Company's Annual General Meeting, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors, with assistance of the Audit Committee, are responsible for the accuracy and integrity of the annual audited financial statements and the Board ensures that the accounts and other financial reports of the Company are prepared in accordance with Approved Accounting Standards in Malaysia and present a balanced and comprehensive assessment of the Company's position and prospects, to all the shareholders.

The Company's Annual Report and quarterly announcements of results gives an updated financial performance of the Company periodically.

Directors' Responsibility Statement

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs if the Company and of the Group and of the results of their operations and cash flows of the Group as at the end of the financial year in accordance with the requirements of the Companies Act, 1965 (the "Act").

During the preparation of the Company's financial statements for the year ended 31 December 2012, the Directors have:

- used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates;
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the notes to the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are required to keep proper accounting records which disclose with reasonable accuracy the financial position of the Company and the Group in compliance with the Act.

The Directors are also responsible for safeguarding the assets of the Company and the Group and to prevent and detect fraud and other irregularities that may arise.

Internal Control

The Directors recognise their responsibility for the maintenance of a sound system of internal control, covering not only financial controls but also compliance controls including risk assessment framework and control activities covering information and communication, and reviewing its effectiveness. As with any such system, controls can only provide reasonable but not absolute assurance against material misstatements or loss. The Group is continuously looking into the adequacy and integrity of its system of internal controls.

Internal Audit

The Board has an internal audit department. The internal audit department is to be independent and audit work will be conducted with impartiality, proficiency and due professional care.

Relationship with Auditors

The Board ensures that there is a transparent arrangement for the achievement of objectives and maintenance of professional relationship with External Auditors and Internal Auditors via the Audit Committee who has explicit authority to communicate directly with them.

During the financial year, there were no non audit fees incurred by the Company to the external auditors.

Other Information

During the financial year ended 31 December 2012, save and except as mentioned in this report, there were no: -

- Corporate fund-raising exercises undertaken by the Company.
- Options, warrants or convertible securities were exercised or issued by the Company or its subsidiaries.
- Share buybacks.
- American Depository Receipts or Global Depository Receipts programmes sponsored by the Company.
- Sanctions and/or penalties imposed on the Company or its subsidiary companies.
- Variance of results which differ by 10% or more from any profit estimate/forecast/projection/unaudited results announced.
- Profit guarantees given by the Company.
- Material contracts of the Company and its subsidiary companies involving directors' and substantial shareholders' interests.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decisions.

The Company's website is contently updated where shareholders and potential investors may direct their enquiries to the Company. The Company's internal Investor Relations team will endeavour to reply to these queries in the shortest possible time.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates a section which provides all relevant information on the Company and is accessible by the public. This section enhances the Investor Relations function by including analyst reports, all announcements made by the Company, annual reports as well as the corporate and governance structure of the Company.

The announcement of the quarterly financial results is also made via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Application of Private Placement Proceeds

The private placement of 17,900,000 new ordinary shares of RM1.00 each generated RM19.69 million of which their utilisation and status are as follows:-

(a) Towards repayment of advances	RM8.94 million (completed)
(b) Towards defraying cost of the transaction	RM0.80 million (completed)
(c) The balance towards meeting general working capital needs	RM9.95 million (utilised)

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Introduction

The statement on Risk Management and Internal Control by the Board of Directors ("Board") on the Group is made pursuant to paragraph 15.26 (b) of the Listing Requirement of Bursa Malaysia Securities Berhad and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance ("Code").

Board Responsibility

The Board recognises and affirms its overall responsibility for the Group's system of risk management and internal controls practices for good corporate governance. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system in particular the financial, operational, as well as compliance aspects of the Group throughout the financial year.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of this statement and is subject to review by the Board. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board is assisted by Senior Management in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information; designing, operating suitable internal controls to manage and control these risks; and monitoring effectiveness of risk management and control activities.

The key features of the risk management and internal control systems are described below.

Risk Management Framework

The Board regards risk management as an integral part of the Group's business operations.The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of business and operation risks within the Group. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

For the period under review, the Audit Committee is assisted by the internal audit division and alongside the operations staff from various subsidiaries and divisions to effectively administer the risk management and control into the corporate culture, processes and structures within the Group. The framework is continuously monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

Key Processes

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risk faced by the Group, which has been in place for the financial year under review and up to the date of approval of the annual report and financial statements.
The key processes that the directors have established in reviewing the adequacy and integrity of the system of internal controls are as follows:

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

b. Monthly reporting of results and key performance indicators to assess and sustain the effectiveness of the Company's system of controls.

c. Review the effectiveness, adequacy and integrity of the Company's internal control system. The results are reviewed with various levels of management and any major concerns identified are raised to senior management and the Board's Audit Committee.

d. An independent internal audit department has been established and to report to the Audit Committee of the Company. The internal audit team performed its duties in accordance with its annual audit plan covering management, operational and system audit of the Company. The internal audit function is performed in-house and the costs incurred for the internal audit function in year 2012 is about RM80,000 per annum.

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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (continued)

Review by Board

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

- Senior Management within the organisation responsible for the development and maintenance of the risk management and internal control system; and

- The work by the internal audit function which submit reports to the Audit Committee together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risk to be at an acceptable level within the context of the Group's business environment.

The Board and Senior Management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

The Board also received assurances from Senior Management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

In addition, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2012 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding to the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Conclusion

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is satisfied that the risk management and internal control system was satisfactory and has not resulted in any material loss, contingency or uncertainly. The Board has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control system.

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal Activities

The principal activities of the Company are that of investment holding and provision of management services. In the previous financial year, the Company was principally engaged in the business of providing bonded warehousing, freight forwarding and transportation services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	15,176,537	(4,852,919)
Attributable to:-		
Owners of the Company	8,663,215	(4,852,919)
Non-controlling interests	6,513,322	-
	15,176,537	(4,852,919)

Dividends

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

Reserves And Provisions

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

Issues Of Shares And Debentures

During the financial year,

(a) there were no changes in the authorised capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM179,005,000 to RM214,805,000 by:

 (i) the issuance of 17,900,000 new ordinary shares of RM1 each at an issue price of RM1.10 per share for the purpose of working capital. The shares were issued for cash consideration; and

 (ii) the issuance of 17,900,000 new ordinary shares of RM1 each at par as partial consideration for the acquisition of a 60% equity interest in Admuda Sdn. Bhd.

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

(c) there were no issues of debentures by the Company.

Options Granted Over Unissued Shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Bad And Doubtful Debts

Before the financial statements of the Group and of the Company were made out, 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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, 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, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances 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 methods 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:-

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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 AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

HOLDING COMPANY

The holding company is Brahim's International Franchises Sdn. Bhd., a company incorporated in Malaysia.

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATUK IBRAHIM BIN HAJI AHMAD
TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN
MOHAMED ZAMRY BIN MOHAMED HASHIM
COL (RTD) DATO' IR CHENG WAH
GOH JOON HAI
DATO' CHOO KAH HOE
CHEAM HENG CHEANG (RESIGNED ON 12.9. 2012)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM1.00 Each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Direct Interest				
Col (Rtd) Dato' Ir Cheng Wah	22,500	-	-	22,500
Indirect Interests				
Datuk Ibrahim Bin Haji Ahmad	118,605,000	2,300,000	3,000,000	117,905,000
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	93,605,000	2,300,000	3,000,000	92,905,000
Dato' Choo Kah Hoe	25,000,000	-	-	25,000,000

By virtue of their interests in the Company, Datuk Ibrahim Bin Haji Ahmad, Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain and Dato' Choo Kah Hoe are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means for the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year of the Group and of the Company is disclosed in Note 44 to the financial statements.

DIRECTORS' REPORT (continued)

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant events occurring after the end of the reporting period are disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 26 APR 2013

Datuk Ibrahim Bin Haji Ahmad

Mohamed Zamry Bin Mohamed Hashim

STATEMENT BY DIRECTORS

We, Datuk Ibrahim Bin Haji Ahmad and Mohamed Zamry Bin Mohamed Hashim, being two of the directors of Brahim's Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 11 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 47, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APR 2013

Datuk Ibrahim Bin Haji Ahmad

Mohamed Zamry Bin Mohamed Hashim

STATUTORY DECLARATION

I, Ching Kian Hoe, I/C No. 661127-10-5327, being the officer primarily responsible for the financial management of Brahim's Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 97 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Ching Kian Hoe, I/C No. 661127-10-5327
at Kuala Lumpur in the Federal Territory
on this 26 APR 2013

Ching Kian Hoe

Before me

PESURUHJAYA SUMPAH
(W 591)
YAP LEE CHIN
MALAYSIA

No. 1, Tingkat 2,
Jalan Ampang,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BRAHIM'S HOLDING BERHAD

Report on the Financial Statements

We have audited the financial statements of Brahim's Holdings Berhad, which comprise the statements of financial position as at 31 December 2012 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 a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 97.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 47 on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 4.1 to the financial statements, Brahim's Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chua Wai Hong
Approval No: 2974/09/13 (J)
Chartered Accountant

26 APR 2013
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Note	The Group 31.12.2012 RM	The Group 31.12.2011 RM (Restated)	The Group 1.1.2011 RM (Restated)	The Company 31.12.2012 RM	The Company 31.12.2011 RM	The Company 1.1.2011 RM
ASSETS							
NON-CURRENT ASSETS							
Investment in subsidiaries	6	-	-	-	51,493,181	1,780,906	580,906
Investment in joint ventures	7	-	-	-	150,005,100	150,005,100	130,005,100
Property, plant and equipment	8	48,581,939	45,930,092	42,276,418	400,106	1,101,351	1,348,103
Other investment	9	1	1	1	1	1	1
Intangible assets	10	342,720	597,720	929,220	-	-	-
Goodwill	11	198,148,374	178,400,733	163,698,180	-	-	-
Deferred tax assets	12	116,790	143,310	22,950	-	-	-
		247,189,824	225,071,856	206,926,769	201,898,388	152,887,358	131,934,110
CURRENT ASSETS							
Inventories	13	4,163,786	4,203,926	3,685,994	-	-	-
Trade receivables	14	33,070,348	38,993,079	35,773,500	61,381	1,683,478	1,581,666
Other receivables, deposits and prepayments	15	19,638,383	6,415,170	5,583,719	14,232,894	467,666	796,070
Amount owing by subsidiaries	16	-	-	-	1,622,235	28,685,619	29,300,499
Amount owing by joint ventures	17	1,384	27,457	-	2,825	27,101	-
Tax recoverable		753,810	-	-	671,700	-	-
Fixed deposits with licensed banks	18	22,017,017	17,111,440	4,756,549	4,417,519	6,726,549	268,549
Cash and bank balances		13,366,278	12,005,741	14,892,633	134,109	100,459	109,224
		93,011,006	78,756,813	64,692,395	21,142,663	37,690,872	32,056,008
TOTAL ASSETS		340,200,830	303,828,669	271,619,164	223,041,051	190,578,230	163,990,118

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

	Note	The Group 31.12.2012 RM	The Group 31.12.2011 RM (Restated)	The Group 1.1.2011 RM (Restated)	The Company 31.12.2012 RM	The Company 31.12.2011 RM	The Company 1.1.2011 RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	19	214,805,000	179,005,000	179,005,000	214,805,000	179,005,000	179,005,000
Reserves	20	2,209,090	(7,441,725)	(16,944,876)	(48,765,189)	(44,899,870)	(39,831,314)
Equity attributable to owners of the Company		217,014,090	171,563,275	162,060,124	166,039,811	134,105,130	139,173,686
Non-controlling interests		13,427,841	8,276,280	3,118,140	-	-	-
TOTAL EQUITY		230,441,931	179,839,555	165,178,264	166,039,811	134,105,130	139,173,686
NON-CURRENT LIABILITIES							
Deferred tax liabilities	12	1,814,580	2,125,170	-	-	-	-
Long-term borrowings	21	21,835,315	23,183,033	24,425,776	21,466,228	16,635,143	5,355,346
		23,649,895	25,308,203	24,425,776	21,466,228	16,635,143	5,355,346

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

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2012 (continued)

	Note	The Group 31.12.2012 RM	The Group 31.12.2011 RM	The Group 1.1.2011 RM	The Company 31.12.2012 RM	The Company 31.12.2011 RM	The Company 1.1.2011 RM
CURRENT LIABILITIES							
Trade payables	24	11,623,922	16,051,782	18,979,906	213,746	990,414	854,403
Other payables and accruals	25	39,105,334	35,370,668	24,193,603	24,096,881	23,734,472	11,010,613
Short-term borrowings	26	26,703,358	38,580,119	32,337,461	5,274,165	8,815,441	1,366,806
Bank overdrafts	27	5,950,220	6,297,630	6,229,264	5,950,220	6,297,630	6,229,264
Provision for taxation		2,726,170	2,380,712	274,890	-	-	-
		86,109,004	98,680,911	82,015,124	35,535,012	39,837,957	19,461,086
TOTAL LIABILITIES		109,758,899	123,989,114	106,440,900	57,001,240	56,473,100	24,816,432
TOTAL EQUITY AND LIABILITIES		340,200,830	303,828,669	271,619,164	223,041,051	190,578,230	163,990,118
NET ASSETS PER ORDINARY SHARE (RM)	28	1.01	0.95	0.91			

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		THE GROUP		THE COMPANY	
	NOTE	2012 RM	2011 RM (Restated)	2012 RM	2011 RM
REVENUE	29	196,637,393	186,113,129	1,176,441	4,141,015
DIRECT OPERATING EXPENSES	30	(82,572,118)	(82,355,253)	(838,264)	(3,053,658)
GROSS PROFIT		114,065,275	103,757,876	338,177	1,087,357
OTHER INCOME		3,203,633	799,090	5,487,894	1,805,377
DISTRIBUTION EXPENSES		(126,010)	(166,703)	(94,197)	(166,703)
ADMINISTRATIVE EXPENSES		(75,865,653)	(69,814,059)	(5,866,557)	(4,492,488)
OTHER EXPENSES		(11,892,997)	(5,306,591)	(789,979)	(837,487)
		(87,884,660)	(75,287,353)	(6,750,733)	(5,496,678)
PROFIT/(LOSS) FROM OPERATIONS		29,384,248	29,269,613	(924,662)	(2,603,944)
FINANCE COSTS		(5,130,237)	(4,804,621)	(3,664,957)	(2,464,612)
PROFIT/(LOSS) BEFORE TAXATION	31	24,254,011	24,464,992	(4,589,619)	(5,068,556)
INCOME TAX EXPENSE	32	(9,077,474)	(8,276,251)	(263,300)	-
PROFIT/(LOSS) AFTER TAXATION		15,176,537	16,188,741	(4,852,919)	(5,068,556)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		15,176,537	16,188,741	(4,852,919)	(5,068,556)

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM (Restated)	RM	RM
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		8,663,215	9,503,151	(4,852,919)	(5,068,556)
Non-controlling interests		6,513,322	6,685,590	-	-
		15,176,537	16,188,741	(4,852,919)	(5,068,556)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		8,663,215	9,503,151	(4,852,919)	(5,068,556)
Non-controlling interests		6,513,322	6,685,590	-	-
		15,176,537	16,188,741	(4,852,919)	(5,068,556)
Earnings per share					
- basic	33	4.30 sen	5.31 sen		
- diluted	33	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Group	Note	Non-Distributable: Share Capital RM	Non-Distributable: Share Premium RM	Distributable: Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1.1.2011							
- As previously stated		179,005,000	12,384,295	(29,947,291)	161,442,004	2,852,940	164,294,944
- Prior year adjustment		-	-	618,120	618,120	265,200	883,320
- As restated		179,005,000	12,384,295	(29,329,171)	162,060,124	3,118,140	165,178,264
Profit after taxation/Total comprehensive income for the financial year							
- As previously stated		-	-	8,636,151	8,636,151	6,314,310	14,950,461
- Prior year adjustment	43	-	-	867,000	867,000	371,280	1,238,280
- As restated		-	-	9,503,151	9,503,151	6,685,590	16,188,741
Dividend paid by a subsidiary to non-controlling interest		-	-	-	-	(1,527,450)	(1,527,450)
Balance at 31.12.2011/1.1.2012 (As restated)		179,005,000	12,384,295	(19,826,020)	171,563,275	8,276,280	179,839,555
Contribution by owner of the Company:							
- Issuance of shares		35,800,000	1,790,000	-	37,590,000	-	37,590,000
- share issuance expenses		-	(802,400)	-	(802,400)	-	(802,400)
Acquisition of a subsidiary		-	-	-	-	168,239	168,239
Profit after taxation/Total comprehensive income for the financial year		-	-	8,663,215	8,663,215	6,513,322	15,176,537
Dividend paid by a subsidiary to non-controlling interest		-	-	-	-	(1,530,000)	(1,530,000)
Balance at 31.12.2012		214,805,000	13,371,895	(11,162,805)	217,014,090	13,427,841	230,441,931

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

	Non-Distributable		Distributable	
	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total Equity RM
The Company				
Balance at 1.1.2011	179,005,000	12,384,295	(52,215,609)	139,173,686
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(5,068,556)	(5,068,556)
Balance at 31.12.2011/1.1.2012	179,005,000	12,384,295	(57,284,165)	134,105,130
Contribution by owner of the Company:				
- Issuance of shares	35,800,000	1,790,000	-	37,590,000
- share issuance expenses	-	(802,400)	-	(802,400)
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(4,852,919)	(4,852,919)
Balance at 31.12.2012	214,805,000	13,371,895	(62,137,084)	166,039,811

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM (Restated)	2012 RM	2011 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	24,254,011	24,464,992	(4,589,619)	(5,068,556)
Adjustments for:-				
Allowance for impairment losses on:				
- receivables	304,784	99,289	484,179	575,617
- investment in subsidiary	-	-	4,914,725	-
Amortisation of intangible assets	255,000	333,540	-	-
Bad debts written off	342,185	38,012	342,182	38,012
Depreciation of property, plant and equipment	6,722,987	6,124,725	128,456	284,897
Financing charges	428,604	309,928	428,604	309,928
Interest expense	4,697,684	4,478,420	3,236,354	2,153,384
Property, plant and equipment written off	491,664	224,090	635,564	212,870
Interest income	(272,785)	(310,840)	(418,075)	(1,363,249)
Net gain on disposal of property, plant and equipment	(14,106)	(224,764)	-	(91,000)
Unrealised (gain)/loss on foreign exchange	(681,979)	168,463	(593,219)	-
Write-back of allowance for impairment losses on receivables	(423,049)	(2,442)	(5,338,314)	(2,442)
Dividend received	-	-	(3,740,000)	-
Operating profit/(loss) before working capital changes	36,105,000	35,703,413	(4,509,163)	(2,950,539)
Increase/(Decrease) in inventories	40,140	(326,023)	-	-
(Increase)/Decrease in trade and other receivables	(6,806,113)	(4,024,264)	(7,631,178)	99,383
(Decrease)/Increase in trade and other payables	(988,008)	6,174,282	(414,259)	19,197,870
CASH FROM/(FOR) OPERATIONS	28,351,019	37,527,408	(12,554,600)	16,346,714
Tax paid	(9,795,896)	(4,035,569)	(935,000)	-
Interest paid	(4,697,684)	(4,478,420)	(3,236,354)	(2,153,384)
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD	13,857,439	29,013,419	(16,725,954)	14,193,330

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		13,857,439	29,013,419	(16,725,954)	14,193,330
CASH FLOWS FOR INVESTING ACTIVITIES					
Investment in joint ventures		-	-	-	(20,000,000)
Additional investment in a subsidiary		-	-	(34,627,000)	(1,200,000)
Dividend received		-	-	3,740,000	-
Repayment from/ (Advances to) subsidiaries		-	-	27,063,384	130,902
Repayment from/ (Advances to) joint venture		-	(27,457)	24,276	(27,101)
Interest income		272,785	310,840	418,075	1,363,249
Net cash outflow for acquisition of joint venture		-	(13,734,928)	-	-
Net cash outflow for acquisition of a subsidiary	34	(2,068,168)	-	(2,100,000)	-
Placement of fixed deposit with licensed bank		-	-	-	(6,338,000)
Purchase of intangible assets		-	(2,040)	-	-
Purchase of property, plant and equipment	35	(9,652,018)	(9,380,847)	(62,775)	(251,015)
Proceeds from disposal of property, plant and equipment		65,210	226,572	-	91,000
NET CASH FOR INVESTING ACTIVITIES		(11,382,191)	(22,607,860)	(5,544,040)	(26,230,965)
BALANCE CARRIED FORWARD		2,475,248	6,405,559	(22,269,994)	(12,037,635)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

	Note	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
BALANCE BROUGHT FORWARD		2,475,248	6,405,559	(22,269,994)	(12,037,635)
CASH FLOWS FROM FINANCING ACTIVITIES					
Financing charges paid		(428,604)	(309,928)	(428,604)	(309,928)
Dividend paid by a subsidiary to non-controlling interest		(1,530,000)	(1,527,450)	-	-
Drawdown of term loan		24,285,991	21,940,560	24,285,991	20,000,000
Proceeds from issuance of shares		18,887,600	-	18,887,600	-
Repayment to directors		(2,218,500)	-	-	-
Repayment of bank borrowings		(34,601,681)	(16,720,967)	(22,297,332)	(1,130,267)
Repayment of hire purchase payables		(256,530)	(388,141)	(27,392)	(141,301)
NET CASH FROM FINANCING ACTIVITIES		4,138,276	2,994,074	20,420,263	18,418,504
EFFECT OF FOREIGN EXCHANGE TRANSLATION		-	-	(78,239)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,613,524	9,399,633	(1,927,970)	6,380,869
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		22,819,551	13,419,918	529,378	(5,851,491)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	36	29,433,075	22,819,551	(1,398,592)	529,378

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and the principal place of business are as follows:-

Registered office	:	10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	:	7 - 05, 7th Floor Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 April 2013.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. In the previous financial year, the Company was principally engaged in the business of providing bonded warehousing, freight forwarding and transportation services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is Brahim's International Franchises Sdn. Bhd., a company incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of Companies Act 1965 in Malaysia.

4.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

4.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013

4. BASIS OF PREPARATION (CONT'D)

4.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):

MFRSs and IC Interpretations (including the Consequential Amendments)	**Effective Date**
Amendments to MFRS 1 : Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11, MFRS 12 : Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127 : Investment Entities	1 January 2014
Amendments to MFRS 101 : Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 - 2011 Cycle	1 January 2013

4. BASIS OF ACCOUNTING (CONT'D)

4.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

(a) MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. These amendments have no material impact on the financial statements of the Group upon its initial application.

(b) MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. These amendments have no material impact on the financial statements of the Group upon its initial application.

(c) MFRS 11 replaces MFRS 131 and introduces new accounting requirements for joint arrangements. MFRS 11 eliminates jointly controlled assets and only differentiates between joint operations and joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, the option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. There will be impact on the presentation format of the financial statements.

(d) MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

4. BASIS OF ACCOUNTING (CONT'D)

4.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

(e) MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(f) The amendments to MFRS 7 (Disclosures - Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. These amendments have no material impact on the financial statements of the Group upon its initial application.

(g) The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of comprehensive income.

(h) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. These amendments have no material impact on the financial statements of the Group upon its initial application.

4. Basis Of Accounting (Cont'd)

4.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

(i) The Annual Improvements to MFRSs 2009 - 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

5. Significant Accounting Policies

5.1 Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant.

As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates And Judgements (Cont'd)

(b) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) *Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) *Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates And Judgements (Cont'd)

(f) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(g) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

5.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of Consolidation (Cont'd)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of Consolidation (Cont'd)

(c) Acquisitions of Non-controlling Interests

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(d) Loss of Control

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

As part of its transition of MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition 1 January 2011. Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous FRS framework as at the date of transition.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Intangible Assets

(i) *Goodwill*

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

(ii) *Computer Software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Functional and Foreign Currencies

(a) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5.5 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Financial Instruments (Cont'd)

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Financial Instruments (Cont'd)

(b) *Financial Liabilities*

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(c) *Equity Instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

5.6 Investments

(a) *Investments in Subsidiaries*

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Investments (Cont'd)

(b) *Investments in Joint Ventures*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint venture that involves the establishment of a separate entity in which each entity has an interest.

The Group recognises its interest in the joint ventures using proportionate consolidation. The financial statements of the joint ventures are prepared for the same reporting year as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of the joint ventures to ensure consistency of accounting policies with those of the Group.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint ventures, the Group does not recognise its share of the profits of the joint ventures from the transactions until it resells the assets to an independent party. The joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control over the joint ventures.

Investments in joint ventures are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in joint ventures, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Warehouse buildings and improvements	Over the lease period of 55 ¾ years
Pallets	33 1/3%
Plant and machinery	5% to 33 1/3%
Renovation and electrical installations	10% to 66%
Signboard	30% to 33 1/3%
Furniture, fittings and office equipment	5% to 89%
Motor vehicles	10% to 50%
Containers	10%
Lorries and trucks	10%
EDP equipment	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Property, Plant and Equipment (Cont'd)

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

5.8 Impairment

(a) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 Impairment (Cont'd)

(a) Impairment of Financial Assets (Cont'd)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 Impairment (Cont'd)

(b) Impairment of Non-Financial Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

5.9 Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5.7 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

5.10 Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 Inventories

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

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

5.12 Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 Income Taxes (Cont'd)

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

5.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

5.16 Employee Benefits

(i) *Short-term Benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) *Defined Contribution Plans*

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.17 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 Revenue and Other Income

(i) *Warehousing Revenue*

Warehousing revenue is recognised on a due and receivable basis.

(ii) *Forwarding and Transportation Revenue*

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

(iii) *In-flight Catering, Related Service Revenue and Sale of Goods*

Revenue is recognised upon delivery of products and customers' acceptance or performance of services, if any, net of discounts.

(iv) *Rental and Commission Income*

Rental and commission income are recognised on an accrual basis.

(v) *Interest Income*

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

5.20 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2012 RM	2011 RM
Unquoted shares, at cost:-		
At 1 January	1,780,906	580,906
Addition during the financial year	54,627,000	1,200,000
	56,407,906	1,780,906
Allowance for impairment loss for the financial year	(4,914,725)	-
At 31 December	51,493,181	1,780,906

The details of the subsidiaries, which are all incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2012 %	2011 %	Principal Activities
Tamadam Crest Sdn. Bhd.	100	100	Insurance agency.
Tamadam Industries Sendirian Berhad	100	100	Provision of warehouse rental, bonded warehousing, freight forwarding and transportation services.
Tamadam Marketing Sdn. Bhd.	100	100	Dormant.
Cafe Barbera (SEA) Sdn. Bhd.	100	100	Operating a restaurant.
Admuda Sdn. Bhd.#	60	-	Dormant

- Not audited by Messrs. Crowe Horwath.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Company has assessed the recoverable amount of investment in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by the management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

(i) The subsidiary will continue in operations over the next 5 years;
(ii) There is no growth on the revenue for the business segment of warehouse as it reached the maximum capacity;
(iii) Gross profit margin is forecasted to be in the range of 56% to 60%;
(iv) Discount rate is based on the weighted average cost of capital at 6.6% per annum; and
(v) Terminal value is computed based on negligible growth rate from year 5 onwards.

7. INVESTMENT IN JOINT VENTURES

	THE COMPANY	
	2012 RM	2011 RM
Unquoted shares, at cost:-		
At 1 January	150,005,100	130,005,100
Addition during the financial year	-	20,000,000
At 31 December	150,005,100	150,005,100

The details of the joint ventures, which are all incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Brahim's Airline Catering Holdings Sdn. Bhd. (formerly known as Brahim's - LSG Sky Chefs Holdings Sdn. Bhd.)	51	51	Investment holding company.
Dewina Host Sdn. Bhd.	51	51	Catering and related services.
Brahim's Trading Sdn. Bhd. (formerly known as Tamadam CWT Sdn. Bhd.)	51	51	Dormant.

7. INVESTMENT IN JOINT VENTURES (CONT'D)

Details of the subsidiary held through Brahim's Airline Catering Holdings Sdn. Bhd. (formerly known as Brahim's - LSG Sky Chef Holdings Sdn. Bhd.) which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2012 %	2011 %	Principal Activities
Brahim's Airline Catering Sdn. Bhd. (formerly known as LSG Sky Chefs - Brahim's Sdn. Bhd.)	70	70	Catering and related services.

The Group's aggregate share of the non-current assets, current assets, non-current liabilities, current liabilities, income and expenses of the joint ventures are as follows:-

	THE GROUP 2012 RM	2011 RM
Assets and Liabilities		
Non-current assets	55,232,793	52,380,081
Current assets	70,208,157	68,523,305
Total assets	125,440,950	120,903,386
Non-current liabilities	1,979,820	8,673,060
Current liabilities	46,041,195	54,970,796
Total liabilities	48,021,015	63,643,856
Results		
Revenue	186,795,717	190,017,380
Other income	812,919	722,077
Expenses, including finance costs and taxation	(163,113,230)	(166,269,799)

8. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.1.2012 RM	ACQUISITION OF SUBSIDIARY RM	ADDITIONS RM	DISPOSALS RM	TRANSFER RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	AT 31.12.2012 RM
NET BOOK VALUE								
Warehouse buildings and improvements	26,050,223	-	-	-	-	-	(620,979)	25,429,24
Containers, pallets, plant and machinery	9,059,966	-	3,616,664	-	21,413	-	(2,666,051)	10,031,99
Renovation and electrical installations	1,626,502	8,760	691,522	-	28,250	(448,578)	(325,374)	1,581,08
Signboard, furniture and fittings, EDP equipment and office equipment	4,857,289	6,379	2,328,337	(51,104)	-	(43,086)	(1,379,942)	5,717,87
Motor vehicles, lorries and trucks	4,272,021	2,225	3,246,659	-	-	-	(1,730,641)	5,790,20
Capital work-in-progress	64,091	-	17,056	-	(49,663)	-	-	31,48
	45,930,092	17,364	9,900,238	(51,104)	-	(491,664)	(6,722,987)	48,581,93

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

THE GROUP	AT 1.1.2011 RM	ACQUISITION FROM JOINT VENTURE RM	ADDITIONS RM	DISPOSALS RM	TRANSFER RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	AT 31.12.201 RM
NET BOOK VALUE								
Warehouse buildings and improvements	26,671,202	-	-	-	-	-	(620,979)	26,050,2
Containers, pallets, plant and machinery	9,189,227	-	3,261,592	(510)	-	(159,034)	(3,231,309)	9,059,9
Renovation and electrical installations	734,819	272,275	960,657	-	-	(43,991)	(297,258)	1,626,5
Signboard, furniture and fittings, EDP equipment and office equipment	1,531,316	204,879	3,821,730	(1,298)	82,092	(21,065)	(760,365)	4,857,2
Motor vehicles, lorries and trucks	4,149,854	52,836	1,284,145	-	-	-	(1,214,814)	4,272,0
Capital work-in -progress	-	11,368	52,723	-	-	-	-	64,0
	42,276,418	541,358	9,380,847	(1,808)	82,092	(224,090)	(6,124,725)	45,930,0

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

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.12.2012			
Warehouse buildings and improvements	34,370,690	(8,941,446)	25,429,244
Containers, pallets, plant and machinery	82,110,279	(72,078,287)	10,031,992
Renovation and electrical installations	3,714,074	(2,132,992)	1,581,082
Signboard, furniture and fittings, EDP equipment and office equipment	13,155,071	(7,437,198)	5,717,873
Motor vehicles, lorries and trucks	20,915,688	(15,125,424)	5,790,264
Capital work-in-progress	31,484	-	31,484
	154,297,286	(105,715,347)	48,581,939
AT 31.12.2011			
Warehouse buildings and improvements	34,370,690	(8,320,467)	26,050,223
Containers, pallets, plant and machinery	80,025,660	(70,965,694)	9,059,966
Renovation and electrical installations	3,484,499	(1,857,997)	1,626,502
Signboard, furniture and fittings, EDP equipment and office equipment	10,978,023	(6,120,734)	4,857,289
Motor vehicles, lorries and trucks	17,663,466	(13,391,445)	4,272,021
Capital work-in-progress	64,091	-	64,091
	146,586,429	(100,656,337)	45,930,092

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

THE COMPANY	AT 1.1.2012 RM	ADDITIONS RM	TRANSFER RM	DEPRECIATION CHARGE RM	AT 31.12.2012 RM
NET BOOK VALUE					
Containers, pallets, plant and machinery	179,479	29,700	(185,707)	(23,472)	-
Renovation and electrical installations	158,644	-	(90,166)	(12,465)	56,013
Signboard, furniture and fittings, EDP equipment and office equipment	296,625	33,075	(53,031)	(43,524)	233,145
Motor vehicles, lorries and trucks	466,603	-	(306,660)	(48,995)	110,948
	1,101,351	62,775	(635,564)	(128,456)	400,106

THE COMPANY	AT 1.1.2011 RM	ADDITIONS RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	AT 31.12.2011 RM
NET BOOK VALUE					
Containers, pallets, plant and machinery	371,980	81,742	(159,034)	(115,209)	179,479
Renovation and electrical installations	235,740	-	(43,991)	(33,105)	158,644
Signboard, furniture and fittings, EDP equipment and office equipment	327,428	30,588	(9,845)	(51,546)	296,625
Motor vehicles, lorries and trucks	412,955	138,685	-	(85,037)	466,603
	1,348,103	251,015	(212,870)	(284,897)	1,101,351

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

THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.12.2012			
Renovation and electrical installations	93,356	(37,343)	56,013
Signboard, furniture and fittings, EDP equipment and office equipment	390,053	(156,908)	233,145
Motor vehicles, lorries and trucks	138,685	(27,737)	110,948
	622,094	(221,988)	400,106
AT 31.12.2011			
Containers, pallets, plant and machinery	2,842,260	(2,662,781)	179,479
Renovation and electrical installations	296,338	(137,694)	158,644
Signboard, furniture and fittings, EDP equipment and office equipment	1,538,571	(1,241,946)	296,625
Motor vehicles, lorries and trucks	1,172,616	(706,013)	466,603
	5,849,785	(4,748,434)	1,101,351

Included in the net book value of property, plant and equipment of the Group and the Company at the end of the reporting period were the following assets acquired under hire purchase terms:-

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Lorries and trucks	267,550	280,580	-	280,580
Motor vehicles	412,080	658,821	-	-
	679,630	939,401	-	280,580

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

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Leasehold land, building and improvements	25,429,244	26,050,223	-	-

9. OTHER INVESTMENT

	THE GROUP/THE COMPANY 2012 RM	THE GROUP/THE COMPANY 2011 RM
At cost:-		
Unquoted shares	125,000	125,000
Allowance for impairment loss	(124,999)	(124,999)
	1	1

Investments in unquoted shares of the Group and of the Company, designated as available-for-sale financial assets, are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

10. INTANGIBLE ASSETS

	THE GROUP COMPUTER SOFTWARE 2012 RM	THE GROUP COMPUTER SOFTWARE 2011 RM
Net book value		
At 1 January	597,720	929,220
Addition	-	2,040
Amortisation for the financial year	(255,000)	(333,540)
At 31 December	342,720	597,720
Cost	4,020,330	4,020,330
Accumulated amortisation	(3,677,610)	(3,422,610)
Net book value	342,720	597,720

The remaining amortisation period of the computer software at the end of the reporting period ranged from 1 to 4 years (2011 - 1 to 5 years).

11. GOODWILL

	THE GROUP	
	2012	2011
	RM	RM
At 1 January	178,400,733	163,698,180
Acquisition of subsidiary/joint venture	19,747,641	14,702,553
At 31 December	198,148,374	178,400,733

During the financial year, the Group assessed the recoverable amount of the purchased goodwill, and determined that goodwill is not impaired.

The recoverable amount of a cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flow projections based on financial budgets approved by management covering a period of five years.

The key assumptions used in determination of the recoverable amounts are as follows:-

Gross margin - 17% - 73%
Growth rate - 2% to 3%
Discount rate - 7.40% - 9.10%

(I) BUDGETED GROSS MARGIN	The basis used to determine the value assigned to the budgeted gross margin is based on past performance and its expectations of market development.
(II) GROWTH RATE	The growth rates used is based on the past years achievements and the expected contracts to be secured.
(III) DISCOUNT RATE	The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

12. DEFERRED TAX ASSETS/(LIABILITIES)

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

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

	THE GROUP	
	2012 RM	2011 RM
Deferred tax assets	116,790	143,310
Deferred tax liabilities	(1,814,580)	(2,125,170)
	(1,697,790)	(1,981,860)
At 1 January	(1,981,860)	22,950
Addition from acquisition of a joint venture	-	130,050
Recognised in profit or loss (Note 32)	284,070	(2,134,860)
At 31 December	(1,697,790)	(1,981,860)
Subject to income tax		
Deferred tax assets (before offsetting)		
Allowances	1,174,530	906,780
Provisions	-	119,340
	1,174,530	1,026,120
Offsetting	(1,057,740)	(882,810)
Deferred tax assets (after offsetting)	116,790	143,310
Deferred tax liabilities (before offsetting)		
Property, plant and equipment and intangible assets	(2,872,320)	(3,007,980)
Offsetting	1,057,740	882,810
Deferred tax liabilities (after offsetting)	(1,814,580)	(2,125,170)

13. INVENTORIES

	The Group	
	2012 RM	2011 RM
Catering stores	2,442,390	2,570,400
Food and beverage	353,268	636,348
General stores	491,438	290,828
Maintenance stores	876,690	706,350
	4,163,786	4,203,926

14. TRADE RECEIVABLES

	The Group		The Company	
	2012 RM	2011 RM Restated	2012 RM	2011 RM
Trade balances	35,281,992	36,868,770	1,986,863	3,877,831
Accrued compensation receivable from customer	-	4,335,000	-	-
	35,281,992	41,203,770	1,986,863	3,877,831
Allowance for impairment losses	(2,211,644)	(2,210,691)	(1,925,482)	(2,194,353)
	33,070,348	38,993,079	61,381	1,683,478
Allowance for impairment losses:-				
At 1 January	(2,210,691)	(5,562,983)	(2,194,353)	(2,837,033)
Addition during the financial year	(272,884)	(102,367)	-	(91,639)
Write-off during the financial year	3,060	3,452,217	-	731,877
Write-back during the financial year	268,871	2,442	268,871	2,442
At 31 December	(2,211,644)	(2,210,691)	(1,925,482)	(2,194,353)

The normal trade credit terms granted by the Group and the Company range from 30 to 69 days (2011 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
Other receivables	2,712,331	3,165,151	1,535,740	1,615,930
Deposits	16,421,141	3,862,688	13,434,654	439,574
Prepayments	2,166,013	1,171,251	819,476	91,956
	21,299,485	8,199,090	15,789,870	2,147,460
Allowance for impairment losses	(1,661,102)	(1,783,920)	(1,556,976)	(1,679,794)
	19,638,383	6,415,170	14,232,894	467,666
Allowance for impairment losses:-				
At 1 January	(1,783,920)	(1,783,920)	(1,679,794)	(1,679,794)
Addition during the financial year	(31,900)	-	(31,900)	-
Write-back during the financial year	154,718	-	154,718	-
At 31 December	(1,661,102)	(1,783,920)	(1,556,976)	(1,679,794)

Included in the deposits of the Group and of the Company is an amount of RM346,804 (2011 - RM346,804) in respect of the rental deposit for the leaseback of the properties.

16. AMOUNT OWING BY SUBSIDIARIES

	THE COMPANY 2012 RM	2011 RM
Non-trade balances	4,887,707	36,413,537
Allowance for impairment losses	(3,265,472)	(7,727,918)
	1,622,235	28,685,619
Allowance for impairment losses:-		
At 1 January	(7,727,918)	(7,243,940)
Addition during the financial year	(452,279)	(483,978)
Write-back during the financial year	4,914,725	-
At 31 December	(3,265,472)	(7,727,918)

The non-trade amount is unsecured, interest-free and repayable on demand except for an amount of RM16,539,484 included in the previous financial year which was subjected to an effective interest rate of 7.8% per annum. The amount owing is to be settled in cash.

17. AMOUNT OWING BY JOINT VENTURES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

18. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rates of the fixed deposits range from 0.2% to 3.75% (2011 - 1.75% to 3.75%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2011 - 1 to 365 days).

The fixed deposits of RM4,986,598 (2011 - RM7,153,336) have been pledged to licensed banks as security for banking facilities granted to the Company.

19. SHARE CAPITAL

	THE COMPANY			
	2012	2011	2012	2011
	NUMBER OF SHARES		RM	RM
AUTHORISED ORDINARY SHARES OF RM1 EACH:-				
AT 1 JANUARY/31 DECEMBER	500,000,000	500,000,000	500,000,000	500,000,000
ISSUED AND FULLY PAID UP				
AT 1 JANUARY	179,005,000	179,005,000	179,005,000	179,005,000
ISSUANCE OF SHARES	35,800,000	-	35,800,000	-
AT 31 DECEMBER	214,805,000	179,005,000	214,805,000	179,005,000

During the financial year,

(a) there were no changes in the authorised and issued share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM179,005,000 to RM214,805,000 by:

(iii) the issuance of 17,900,000 new ordinary shares of RM1 each at an issue price of RM1.10 per share for the purpose of working capital. The shares were issued for cash consideration; and

(iv) the issuance of 17,900,000 new ordinary shares of RM1 each at par as partial consideration for the acquisition of a 60% equity interest in Admuda Sdn. Bhd.

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

(c) there were no issues of debentures by the Company.

20. RESERVES

	The Group 2012 RM	The Group 2011 RM (Restated)	The Company 2012 RM	The Company 2011 RM
Accumulated losses	(11,162,805)	(19,826,020)	(62,137,084)	(57,284,165)
NON-DISTRIBUTABLE				
Share premium	13,371,895	12,384,295	13,371,895	12,384,295
	2,209,090	(7,441,725)	(48,765,189)	(44,899,870)

The movements in the share premium of the Group and of the Company are as follows:-

	The Group/The Company 2012 RM	The Group/The Company 2011 RM
At 1 January	12,384,295	12,384,295
Issuance of shares	1,790,000	-
Shares issuance expenses	(802,400)	-
At 31 December	13,371,895	12,384,295

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act 1965.

21. LONG-TERM BORROWINGS

	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Term loans (Note 22)	21,466,228	22,770,953	21,466,228	16,635,143
Lease and hire purchase payables (Note 23)	369,087	412,080	-	-
	21,835,315	23,183,033	21,466,228	16,635,143

22. TERM LOANS

	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
Current portion:				
- repayable within one year (Note 26)	13,822,944	23,515,887	5,274,165	8,788,049
Non-current portion:				
- repayable between one to two years	5,260,269	13,464,902	5,260,269	7,329,092
- repayable between two to five years	16,205,959	8,435,167	16,205,959	8,435,167
- repayable after five years	-	870,884	-	870,884
Total non-current portion (Note 21)	21,466,228	22,770,953	21,466,228	16,635,143
	35,289,172	46,286,840	26,740,393	25,423,192

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

	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
Term loan				
I	3,119,855	3,593,699	3,119,855	3,593,699
II	335,779	1,574,671	335,779	1,574,671
III	2,428,779	2,487,838	-	-
IV	6,120,000	18,375,810	-	-
V	23,284,759	20,254,822	23,284,759	20,254,822
	35,289,172	46,286,840	26,740,393	25,423,192

The weighted average effective interest rates at the end of the reporting period for borrowings which bore interest at fixed rates, were as follows:-

	THE GROUP 2012 %	THE GROUP 2011 %	THE COMPANY 2012 %	THE COMPANY 2011 %
Term loans	6.81	7.15	6.63	6.93

22. TERM LOANS (CONT'D)

(a) Term loans I and II are secured by:-

(i) a third party deed of assignment over a subsidiary's sub-lease on 15 acres of land and warehouse buildings; and

(ii) a pledge of the fixed deposits with licensed banks.

(b) Term loan III is secured by:-

(i) a letter of support from the Company; and

(ii) a fixed charge on the financed equipment.

(c) Term loan IV is secured by:-

(i) a debenture creating a first fixed and floating charge over all the present and future assets, rights and benefits of the joint venture's subsidiary;

(ii) a legal assignment of all proceeds recoverable by the joint venture's subsidiary from/under the catering agreement with a shareholder of the joint venture's subsidiary dated 25 September 2003;

(iii) a charge/legal assignment over the designated accounts in reference to Note (ii) above; and

(iv) a legal assignment of all rights, benefits, proceeds from/under all insurance policies over the joint venture's subsidiary's assets.

(d) Term loan V is secured by:-

(i) 127,500 ordinary shares of RM1.00 each representing 51% equity interest of Dewina Host Sdn. Bhd; and

(ii) a pledge of the fixed deposits with a licensed bank.

23. LEASE AND HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Future minimum lease and hire purchase payments:				
- not later than one year	461,429	420,768	-	35,208
- later than one year and not later than five years	478,267	640,560	-	-
	939,696	1,061,328	-	35,208
Future finance charges	(261,695)	(375,016)	-	(7,816)
Present value of lease and hire purchase payables	678,001	686,312	-	27,392
Current:				
- not later than one year (Note 26)	308,914	274,232	-	27,392
Non-current:				
- later than one year and not later than five years (Note 21)	369,087	412,080	-	-
	678,001	686,312	-	27,392

The lease and hire purchase payables bore effective interest rates ranging from 6.30% to 6.98% (2011 - 6.30% to 8.08%) per annum at the end of the reporting period.

24. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (2011 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The currency exposure profile of trade payables is as follows:

	THE GROUP	
	2012 RM	2011 RM
Others	-	9,180

25. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group and of the Company are the amounts owing to the holding company and directors amounting to RM21,480,156 (2011 - RM18,418,010) and RM976,994 (2011 - RM3,331,059), respectively.

The amount owing to the holding company of RM1,529,712 (2011 - RM6,662,326) is subjected to an effective interest rate of 8% (2011 - 8%) per annum.

26. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Term loans (Note 22)	13,822,944	23,515,887	5,274,165	8,788,049
Lease and hire purchase payables (Note 23)	308,914	274,232	-	27,392
Revolving credit	2,550,000	2,550,000	-	-
Shareholders' advances	10,021,500	12,240,000	-	-
	26,703,358	38,580,119	5,274,165	8,815,441

The advances from shareholders of the joint venture are unsecured.

The weighted average effective interest rates at the end of the reporting period for borrowings which bore interest at fixed rates, were as follows:-

	THE GROUP		THE COMPANY	
	2012 %	2011 %	2012 %	2011 %
Term loans	6.81	7.15	6.63	6.93

The revolving credit bears a weighted average effective interest rate of 6.50% (2011 - 6.50%) and is secured in the same manner as Term Loan IV disclosed in Note 22(c) to the financial statements.

27. BANK OVERDRAFTS

The bank overdrafts bear interest ranging from 8.10% to 9.10% (2011 - 8.10% to 9.10%) per annum and are secured in the same manner as term loans I and II disclosed in Note 22(a) to the financial statements.

28. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM217,014,090 (2011 - RM171,563,275) attributable to the number of ordinary shares in issue at the end of the reporting period of 214,805,000 (2011 -179,005,000).

29. REVENUE

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
In-flight catering and related services	170,879,580	173,048,100	-	-
Logistics and related services	5,718,613	4,154,549	1,176,441	4,141,015
Restaurant services	20,039,200	8,910,480	-	-
	196,637,393	186,113,129	1,176,441	4,141,015

30. DIRECT OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
In-flight catering and related services	70,915,500	75,096,990	-	-
Logistics and related services	3,941,453	2,895,132	838,264	3,053,658
Restaurant services	7,715,165	4,363,131	-	-
	82,572,118	82,355,253	838,264	3,053,658

31. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) before taxation is arrived at after charging/ (crediting):-				
Allowance for impairment losses on				
- investment in subsidiary	-	-	4,914,725	-
- receivables	304,784	102,367	484,179	575,617
Amortisation of intangible assets	255,000	333,540	-	-
Audit fee:				
- current year	173,902	152,482	60,000	60,000
- underprovision in the previous financial year	10,172	22,394	3,000	20,000
Bad debts written off	342,185	38,012	342,182	38,012
Depreciation of property, plant and equipment	6,722,987	6,124,725	128,456	284,897
Directors' fees	265,000	220,000	265,000	220,000
Directors' non-fee emoluments	687,500	1,049,020	687,500	1,049,020
Financing charges	428,604	309,928	428,604	309,928
Franchise royalty fee	641,883	676,269	-	-
Hire of equipment	20,826	50,373	8,226	42,173
Hire of trucks and lorries	-	3,750	-	3,750
Interest expense	4,697,684	4,478,420	3,236,354	2,153,384
Lease land rental	75,576	75,576	-	-
Property, plant and equipment written off	491,644	224,090	635,564	212,870
Realised (gain)/loss on foreign exchange	(92,275)	(21,783)	(36,382)	46
Rental of buildings	5,348,079	4,412,107	265,000	1,069,200
Staff costs:				
- salaries, wages, bonuses and allowances	32,591,007	30,758,569	797,038	1,313,834
- defined contribution plans	3,116,251	2,966,139	113,291	155,730
- other benefits	5,552,070	5,289,771	178,884	307,209
Unrealised (gain)/loss on foreign exchange	(681,979)	168,463	(593,219)	-
Vehicle rental	28,050	29,580	-	-

31. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
Impairment loss on investment in subdisiary				
Dividend income	-	-	(3,740,000)	-
Net gain on disposal of property, plant and equipment	(14,106)	(224,764)	-	(91,000)
Interest income	(272,785)	(310,840)	(418,075)	(1,363,249)
Rental income	(34,356)	(30,260)	(2,180)	(15,240)
Write-back of allowance for impairment losses on receivables	(423,589)	(2,442)	(5,338,314)	(2,442)

32. INCOME TAX EXPENSE

	THE GROUP 2012 RM	THE GROUP 2011 RM	THE COMPANY 2012 RM	THE COMPANY 2011 RM
Current tax:				
- for the financial year	9,309,910	6,258,991	263,300	-
- under/(over)provision in the previous financial year	51,634	(117,600)	-	-
	9,361,544	6,141,391	263,300	-
Deferred tax (Note 12):				
- for the current financial year	(290,700)	2,118,540	-	-
- undeprovision in the previous financial year	6,630	16,320	-	-
	(284,070)	2,134,860	-	-
	9,077,474	8,276,251	263,300	-

32. INCOME TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) before taxation	24,254,011	24,464,992	(4,589,619)	(5,068,556)
Tax at statutory tax rate of 25%	6,063,500	6,116,248	(1,147,405)	(1,267,139)
Tax effects of:-				
Non-taxable gain	-	(256,980)	-	(130,248)
Non-deductible expenses	2,239,276	1,601,690	932,345	965,010
Deferred tax assets not recognised during the financial year	773,494	916,573	478,360	432,377
Utilisation of deferred tax asset not recognised in the previous financial year	(57,060)	-	-	-
Under/(Over)provision of taxation in the previous financial year:				
- current tax	51,634	(117,600)	-	-
- deferred tax	6,630	16,320	-	-
Income tax expense for the financial year	9,077,474	8,276,251	263,300	-

32. INCOME TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Unutilised tax losses	19,080,000	16,419,000	12,130,000	10,154,000
Unabsorbed capital allowances	40,518,000	40,235,000	5,542,000	5,476,000
Accelerated capital allowances over depreciation	(9,780,000)	(9,772,000)	(87,551)	41,000

33. EARNINGS PER SHARE

The basic earnings per ordinary share of the Group is calculated by dividing the Group's profit attributable to the equity holders of the Company of RM8,663,215 by the weighted average number of ordinary shares in issue during the financial year of 201,257,732.

The basic earnings per ordinary share of the Group in the previous financial year was calculated by dividing the Group's profit for the financial year of RM9,503,151 by the number of ordinary shares in issue during the financial year of 179,005,000.

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

34. ACQUISITION OF A SUBSIDIARY

During the financial year, the Group acquired a 60% equity interest in Admuda Sdn. Bhd.

The details of the Group's share of net assets acquired and cash flow arising from the acquisition of the subsidiary are as follows:-

	At Date Of Acquisition	
	Carrying Amount	Fair Value Recognised RM
Property, plant and equipment	17,364	17,364
Trade receivables	140,000	140,000
Other receivables, deposits and prepayments	1,272,827	1,272,827
Cash and bank balances	31,832	31,832
Amount due to related companies	(720,611)	(720,611)
Other payables and accruals	(294,814)	(294,814)
Provision for taxation	(26,000)	(26,000)
Net identifiable assets and liabilities	420,598	420,598
Less: Non-controlling interests		(168,239)
Add: Goodwill on consolidation		19,747,641
Total purchase consideration		20,000,000
Total purchase consideration		(20,000,000)
Purchase consideration settled by issue of shares		17,900,000
Purchase consideration settled in cash and cash equivalents		(2,100,000)
Add: Cash and cash equivalents of subsidiary		31,832
Net cash outflow for acquisition of subsidiary		(2,068,168)

The acquired subsidiary contributed the following results to the Group:

	2012 RM
Revenue	-
Loss after taxation	(438,321)

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Cost of property, plant and equipment purchased	9,900,238	9,380,847	62,775	251,015
Amount financed through hire purchase and leasing payables	(248,220)	-	-	-
Cash disbursed for purchase of property, plant and equipment	9,652,018	9,380,847	62,775	251,015

36. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Fixed deposits with licensed banks (Note 18)	22,017,017	17,111,440	4,417,519	6,726,549
Cash and bank balances	13,366,278	12,005,741	134,109	100,459
Bank overdrafts	(5,950,220)	(6,297,630)	(5,950,220)	(6,297,630)
	29,433,075	22,819,551	(1,398,592)	529,378

37. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP/THE COMPANY 2012 RM	2011 RM
Executive directors:		
- Salaries and other emoluments	664,000	1,026,520
- Fees	65,000	70,000
	729,000	1,096,520
Non-executive directors:		
- Salaries and other emoluments	23,500	22,500
- Fees	200,000	150,000
	223,500	172,500
	952,500	1,269,020

The number of directors of the Company whose total remuneration received from the Group during the financial year fell within the following bands is analysed below:-

	THE GROUP/THE COMPANY 2012	2011
Executive directors:		
- Below RM50,000	1	-
- RM350,001 - RM400,000	-	1
- RM650,001 - RM700,000	-	1
- RM700,001 - RM750,000	1	-
Non-executive directors:		
- Below RM50,000	5	5
	7	7

38. SIGNIFICANT RELATED COMPANY TRANSACTIONS

The Group has related party relationships with:-

(a) its subsidiaries and joint ventures, as disclosed in Notes 6 and 7 to the financial statements;

(b) the directors who are the key management personnel; and

(c) close members of the families of certain directors.

The details of the amount owing by the subsidiaries and joint venture, amount owing to the holding company and the directors, the key management personnel compensation, and related company transactions are disclosed in Note 16, Note 17, Note 25 and Note 37, respectively.

	THE COMPANY	
	2012 RM	2011 RM
Storage and handling fee received/receivables from a subsidiary	-	975,673
Interest income received/receivable from subsidiaries	145,290	1,354,639
Management fee received/receivable from subsidiaries	-	180,000
Management fee received from joint venture	264,147	117,555
Rental income received/receivable from a subsidiary	411,490	9,000
Rental paid/payable to a subsidiary	260,400	1,041,600
Insurance paid/payable to a subsidiary	6,444	12,252
Commission paid/payable to a subsidiary	3,280	19,513
Commission received/receivable to a subsidiary	4,920	-
Share of administrative fees received/receivable from subsidiaries	30,000	-

39. OPERATING SEGMENTS

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

(i) Warehouse rental, freight forwarding and transportation services, trading and insurance agency - providing bonded warehousing, freight forwarding and transportation services and insurance agency.

(ii) Food and beverage - restaurant of cafes and food.

(iii) Catering services - catering related services.

2012	Warehouse Rental, Freight Forwarding and Transportation Services and Trading and Insurance Agency RM	Food and Beverage RM	Catering Services RM	Eliminations RM	Consolidated RM
REVENUE					
External sales	5,718,613	20,039,200	170,879,580	-	196,637,393
Intersegment revenue	695,473	12,534	-	(708,007)	-
Total revenue	6,414,086	20,051,734	170,879,580	(708,007)	196,637,393
RESULTS					
Segment results	(3,918,718)	1,865,039	31,437,927		29,384,248
Finance costs					(5,130,237)
Profit before taxation					24,254,011
Income tax expense					(9,077,474)
Profit after taxation					15,176,537
OTHER INFORMATION					
Segment assets	66,762,898	27,431,232	244,382,290		338,576,419
Other investments					1
Tax recoverable					753,810
Unallocated assets					870,600
Consolidated total assets					340,200,830

39. OPERATING SEGMENTS (CONT'D)

2012	Warehouse Rental, Freight Forwarding and Transportation Services and Trading and Insurance Agency RM	Food and Beverage RM	Catering Services RM	Consolidated RM
Segment liabilities	58,636,769	5,186,720	41,394,660	105,218,149
Unallocated corporate liabilities				4,540,750
				109,758,899
Capital expenditure	846,896	785,222	8,268,120	9,900,238
Depreciation of property, plant and equipment	948,074	638,193	5,136,720	6,722,987
Allowance for impairment losses	76,814	-	227,970	304,784

39. OPERATING SEGMENTS (CONT'D)

2011	Warehouse Rental, Freight Forwarding and Transportation Services and Trading and Insurance Agency RM	Food and Beverage RM	Catering Services RM	Eliminations RM	Consolidated RM
REVENUE					
External sales	4,154,549	8,910,480	173,048,100	-	186,113,129
Intersegment revenue	2,049,039	1,587	-	(2,050,626)	-
Total revenue	6,203,588	8,912,067	173,048,100	(2,050,626)	186,113,129
RESULTS					
Segment results	(4,073,556)	933,689	32,409,480		29,269,613
Finance costs					(4,804,621)
Profit before taxation					24,464,992
Income tax expense					(8,276,251)
Profit after taxation					16,188,741
OTHER INFORMATION					
Segment assets	36,334,123	26,517,525	240,833,710		303,685,358
Other investments					1
Tax recoverable					-
Unallocated assets					143,310
Consolidated total assets					303,828,669
Segment liabilities	33,354,165	2,603,858	23,775,690		59,733,713
Unallocated corporate liabilities					63,548,031
					123,281,744
Capital expenditure	251,015	1,776,142	7,353,690		9,380,847
Depreciation of property, plant and equipment	905,876	503,899	4,714,950		6,124,725
Allowance for impairment losses	91,639	-	7,650		99,289

No segmental information is provided on a geographical basis as the Group's activities are predominantly in Malaysia.

39. OPERATING SEGMENTS (CONT'D)

Revenue from one major customer, with revenue equal to or more than 10% of Group revenue, amounting to RM127,364,850 (2011 - RM127,841,700) arose from sales of the catering services segment.

40. CAPITAL COMMITMENTS

	THE GROUP	
	2012 RM	2011 RM
Approved but not contracted for:-		
Purchase of plant and equipment	1,538,500	604,272

41. LEASE COMMITMENTS

	THE GROUP	
	2012 RM	2011 RM
Lease rentals payable:-		
Within one year	75,576	75,576
Within two to five years	395,988	312,788
Within six to ten years	436,390	595,163
	907,954	983,527

The lease rental payable of a subsidiary is in respect of the lease agreement entered between the subsidiary, Tamadam Industries Sendirian Berhad with KTM Warehouse Management Sdn. Bhd. for a piece of land for a period of 30 years with an option to renew for a further period of 30 years.

42. FINANCIAL INSTRUMENTS

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

42.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency risk sensitivity analysis

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	(Increase)/ Decrease RM	(Increase)/ Decrease RM	(Increase)/ Decrease RM	(Increase)/ Decrease RM
Effects on profit after taxation/equity				
United States Dollar:				
- strengthened by 5%	(964,257)	(93,294)	(873,178)	-
- weakened by 5%	964,257	93,294	873,178	-

.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 42.1(c) to the financial statements.

<u>Exposure to interest rate risk</u>

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Fixed rate instruments				
Fixed deposits with licensed banks	22,017,017	17,111,440	4,417,519	6,726,549
Lease and hire purchase payables	(678,002)	(686,312)	-	(27,392)
	21,339,015	16,425,128	4,417,519	6,699,157
Floating rate instruments				
Revolving credits	(2,550,000)	(2,550,000)	-	-
Bank overdrafts	(5,950,220)	(6,297,630)	(5,950,220)	(6,297,630)
Term loans	(35,289,172)	(46,286,840)	(26,740,393)	(25,423,192)
	(43,789,392)	(55,134,470)	(32,690,613)	(31,720,822)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

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

	THE GROUP		THE COMPANY	
	2012 Increase/ (Decrease) RM	2011 Increase/ (Decrease) RM	2012 Increase/ (Decrease) RM	2011 Increase/ (Decrease) RM
Effects on profit after taxation				
Increase of 1%	(328,420)	(413,509)	(245,180)	(237,906)
Decrease of 1%	328,420	413,509	245,180	237,906
Effects on equity				
Increase of 1%	(328,420)	(413,509)	(245,180)	(237,906)
Decrease of 1%	328,420	413,509	245,180	237,906

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by a major customer which constituted approximately 73% (2011 - 48%) of its trade receivables as at the end of the reporting period.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Exposure to credit risk (Cont'd)

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

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2012 is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING VALUE RM
2012				
Not past due	23,220,733	-	-	23,220,733
Past due:				
- less than 3 months	65,893	-	-	65,893
- 3 to 6 months	7,519,685	-	(44,914)	7,474,771
- over 6 months	4,475,681	(2,166,730)	-	2,308,951
	35,281,992	(2,166,730)	(44,914)	33,070,348

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2011			
Not past due	23,002,791	-	23,002,791
Past due:			
- less than 3 months	594,097	-	594,097
- 3 to 6 months	7,155,045	-	7,155,045
- over 6 months	10,451,837	(2,210,691)	8,241,146
	41,203,770	(2,210,691)	38,993,079

THE COMPANY	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2012			
Not past due	-	-	-
Past due:			
- less than 3 months	-	-	-
- 3 to 6 months	-	-	-
- over 6 months	1,986,863	(1,925,482)	61,381
	1,986,863	(1,925,482)	61,381

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

THE COMPANY	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2011			
Not past due	318,083	-	318,083
Past due:			
- less than 3 months	547,816	-	547,816
- 3 to 6 months	156,893	-	156,893
- over 6 months	2,855,039	(2,194,353)	660,686
	3,877,831	(2,194,353)	1,683,478

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
2012						
Lease and hire purchase payables	6.30 - 6.98	678,002	939,697	461,429	478,268	-
Term loans	6.63 - 7.44	35,289,171	39,344,787	15,367,699	23,977,088	-
Revolving credit	6.50	2,550,000	2,550,000	2,550,000	-	-
Shareholders' advances	-	10,021,500	10,021,500	10,021,500	-	-
Bank overdrafts	8.10 - 9.10	5,950,220	5,950,220	5,950,220	-	-
Trade payables	-	11,623,922	11,623,922	11,623,922	-	-
Other payables and accruals	-	39,105,334	39,105,334	39,105,334	-	-
		105,218,149	109,535,460	85,080,104	24,455,356	-

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
2011						
Hire purchase payables	6.30 - 8.08	686,312	1,061,328	420,768	640,560	-
Term loans	7.15	46,286,840	49,408,477	25,030,659	23,446,582	931,236
Revolving credit	6.50	2,550,000	2,550,000	2,550,000	-	-
Shareholders' advances	-	12,240,000	12,240,000	12,240,000	-	-
Bank overdrafts	8.10 - 9.10	6,297,630	6,297,630	6,297,630	-	-
Trade payables	-	16,051,782	16,051,782	16,051,782	-	-
Other payables and accruals	-	35,370,668	35,370,668	35,370,668	-	-
		119,483,232	122,979,885	97,961,507	24,087,142	931,236

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
2012						
Term loans	6.63	26,740,393	30,796,008	6,818,920	23,977,088	-
Trade payables	-	213,746	213,746	213,746	-	-
Other payables and accruals	-	24,096,881	24,096,881	24,096,881	-	-
Bank overdrafts	8.10 - 9.10	5,950,220	5,950,220	5,950,220	-	-
		57,001,240	61,056,855	37,079,767	23,977,088	-

42.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

The Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2011						
Hire purchase payables	7.52	27,392	35,208	35,208	-	-
Term loans	8.15	25,423,192	27,185,019	9,397,061	16,856,722	931,236
Trade payables	-	990,414	990,414	990,414	-	-
Other payables and accruals	-	23,734,472	23,734,472	23,734,472	-	-
Bank overdrafts	8.15	6,297,630	6,297,630	6,297,630	-	-
		56,473,100	58,242,743	40,454,785	16,856,722	931,236

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were` unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2012	2011
	RM	RM
Lease and hire purchase payables	678,002	686,312
Revolving credits	2,550,000	2,550,000
Term loans	35,289,171	46,286,840
Trade payables	11,623,922	16,051,782
Other payables and accruals	39,105,334	35,370,668
Shareholders' advances	10,021,500	12,240,000
Bank overdrafts	5,950,220	6,297,630
	105,218,149	119,483,232
Less: Fixed deposits with licensed banks	(22,017,017)	(17,111,440)
Less: Cash and bank balances	(13,366,278)	(12,005,741)
Net debt	69,834,854	90,366,051
Shareholders' equity	217,014,090	171,563,275
Debt-to-equity ratio	0.32 : 1	0.53 : 1

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 Capital Risk Management (Cont'd)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

42.3 Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Financial assets				
Loans and receivables financial assets				
Trade receivables	33,070,348	38,993,079	61,381	1,683,478
Other receivables and deposits	17,472,370	5,243,919	13,413,418	375,710
Amount owing by subsidiaries	-	-	1,622,235	28,685,619
Amount owing b y joint venture	1,384	27,457	2,825	27,101
Fixed deposits with licensed banks	22,017,017	17,111,440	4,417,519	6,726,549
Cash and bank balances	13,366,278	12,005,741	134,109	100,549
	85,927,397	73,381,636	19,651,487	37,599,006
Available-for-sale financial assets				
Other investment	1	1	1	1
	85,927,398	73,381,637	19,651,488	37,599,007

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 Classification Of Financial Instruments (Cont'd)

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Financial liabilities				
Other financial liabilities				
Shareholders' advances	10,021,500	12,240,000	-	-
Lease and hire purchase payables	678,002	686,312	-	27,392
Revolving credits	2,550,000	2,550,000	-	-
Term loans	35,289,171	46,286,840	26,740,393	25,423,192
Trade payables	11,623,922	16,051,782	213,746	990,414
Other payables and accruals	39,105,334	35,370,668	24,096,881	23,734,472
Bank overdrafts	5,950,220	6,297,630	5,950,220	6,297,630
	105,218,149	119,483,232	57,001,240	56,473,100

42.4 Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

	2012		2011	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
The Group				
Lease and hire purchase payables	678,002	658,921	686,312	630,212
Term loans	35,289,171	35,289,171	46,286,840	45,470,840
	35,967,173	35,948,092	46,973,152	46,101,052
The Company				
Hire purchase payables	-	-	27,392	27,392

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 Fair Values Of Financial Instruments (Cont'd)

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

(e) Fair Value Hierarchy

At the end of the reporting period, there were no financial instruments carried at fair values.

43. PRIOR YEAR ADJUSTMENT

During the financial year, one of the joint venture's subsidiary had invoiced a customer an amount of RM3,236,025 in respect of products delivered to the customer in prior financial years. Accordingly, the statement of comprehensive income and statement of financial position of the Group in previous financial years have been restated to reflect the revenue recognised for these items in the respective years.

The following comparative figures have been reclassified to conform to the presentation of the current financial year:-

	As Restated RM	As Previously Reported RM
1.1.2011		
Statement of financial position (Extract):-		
Trade receivables	35,773,500	34,595,910
Accumulated losses	(29,329,171)	(29,947,291)
Non-controlling interest	(3,118,140)	(2,852,940)
Provision for taxation	(274,890)	19,380
31.12.2011		
Statement of financial position (Extract):-		
Trade receivables	38,993,079	36,164,109
Accumulated losses	(7,441,725)	(8,926,845)
Non-controlling interest	(8,276,280)	(7,639,800)
Provision for taxation	(2,380,712)	(1,673,342)
Statement of comprehensive income (Extract):-		
Revenue	186,113,129	184,461,749
Income tax expenses	(8,276,251)	(7,863,151)
Statement of cash flow (Extract):-		
Profit/(Loss) before taxation	24,464,992	22,813,612
(Increase)/Decrease in trade and other receivable	(4,024,264)	(2,372,884)

44. Significant Event During The Financial Year

On 21 July 2012, Brahim's Holdings Berhad acquired a 60% equity interest in Admuda Sdn. Bhd. for a total purchase consideration of RM20 million. The purchase consideration was settled by cash of RM2.1 million and the issuance of 17,900,000 new ordinary shares of RM1 each.

45. Significant Events Occurring After The End Of The Reporting Period

The details of the significant events occurring after the end of the reporting period are as follows:-

(i) On 3 January 2013, the Company acquired 4,900 ordinary shares of RM1 each in Brahim's Trading Sdn. Bhd. (formerly known as Tamadam CWT Sdn. Bhd.) representing the remaining 49% of the issued and paid-up share capital from CWT International Pte. Ltd. for a cash consideration of RM1.

(ii) On 7 January 2013, the Company acquired 490,000 ordinary shares of RM1 each in Brahim's Airline Catering Holdings Sdn. Bhd. (formerly known as Brahim's - LSG Sky Chef Holdings Sdn. Bhd.) representing the remaining 49% of the issued and paid-up share capital from LSG Asia GMBH for a total cash consideration of RM130 million. The details of the acquisition are disclosed in Note 46.

(iii) On 26 February 2013, the Company entered into a Rescission Agreement and Mutual Release with Niche Property Management Sdn. Bhd. to rescind the Inter-conditional Agreement dated 10 February 2013 for the sale of the entire issued and paid up share capital in Tamadam Industries Sdn. Bhd., a wholly owned subsidiary of the Company.

46. ACQUISITION OF SUBSIDIARY

On 7 January 2013, the Group's equity interest in a joint venture, Brahim's Airline Catering Holdings Sdn. Bhd. ("BACH") (formerly known as Brahim's - LSG Sky Chefs Holdings Sdn. Bhd.) was increased as a result of acquisition of the remaining 49% of the issued and paid up share capital of BACH. Consequently, BACH became a wholly owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of BACH as at the date of acquisition were:-

	RM'000
Inventories	3,385
Other intangible assets	329
Property, plant and equipment	18,309
Trade and other receivables	33,888
Cash and cash equivalents	21,685
Trade and other payables	(21,417)
Borrowings	(18,354)
Provision for taxation	(2,532)
Deferred tax liabilities	(1,743)
Non-controlling interest	(12,908)
Fair value of net assets acquired	20,642
Add: Goodwill on consolidation	109,358
Total purchase consideration	130,000

47. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED LOSSES/PROFIT

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP		THE COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Total accumulated losses of the Company and its subsidiaries:				
- realised	(20,344,519)	(19,693,580)	(61,543,865)	(57,284,165)
- unrealised	(2,555,444)	(2,150,323)	593,219	-
	(22,899,963)	(19,826,020)	(62,137,084)	(57,284,165)
Less: Consolidation adjustments	11,737,158	1,017,883	-	-
At 31 December	(11,162,805)	(19,826,020)	(62,137,084)	(57,284,165)

LIST OF PROPERTIES

Address	Tenure	Size	Description and Existing Use	Net Book Value (RM)	Owner/Date of Acquisition	Approximate Age of Buildings
Part of Lot 14473 Mukim of Klang, District of Klang, Selangor Darul Ehsan.	Leasehold - expiring 10 December 2027 with an option to renew for 30 years	15.134 acres	Land with warehouse	25,429,244	Tamadam Industries Sdn. Bhd./ 1 November 1991	13 years

ANALYSIS OF SHAREHOLDINGS
AS AT 9 APRIL 2013

Authorised Share Capital	:	RM500,000,000
Issued and Paid-Up Share Capital	:	RM214,805,000 comprising of 214,805,000 ordinary shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	Every member of the Company, present in person or by proxy or by attorney or other duly authorised representatives, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each ordinary share held
Number of shareholders	:	2,593

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 - 99	129	4.98	5,121	0.00
100 – 1,000	708	27.30	655,493	0.31
1,001 – 10,000	1,312	50.60	6,138,136	2.86
10,001 – 100,000	360	13.88	11,846,150	5.51
100,001 to 10,740,249	80	3.09	72,038,700	33.54
10,740,250 and above	4	0.15	124,121,400	57.78
TOTAL	**2,593**	**100.00**	**214,805,000**	**100.00**

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct		Indirect	
No.	**Directors**	**No. of shares held**	**%**	**No. of shares held**	**%**
1.	Datuk Ibrahim Bin Haji Ahmad	-	-	117,905,000[1]	54.89
2.	Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	-	-	92,905,000[2]	43.25
3.	Col (Rtd) Dato' Ir Cheng Wah	22,500	0.01	-	-
4.	Goh Joon Hai -	-	-	-	
5.	Mohamed Zamry Bin Mohamed Hashim	-	-	-	-
6.	Dato' Choo Kah Hoe	-	-	25,000,000[3]	11.64

ANALYSIS OF SHAREHOLDINGS
AS AT 9 APRIL 2013 (continued)

LIST OF SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Substantial shareholders	Direct		Indirect	
		No. of shares held	%	No. of shares held	%
1.	Brahim's International Franchises Sdn Bhd	92,905,000	43.25	-	-
2.	Fahim Capital Sdn Bhd	-	-	92,905,000[4]	43.25
3.	Semantan Capital Sdn Bhd	-	-	92,905,000[4]	43.25
4.	Datuk Ibrahim Bin Haji Ahmad	-	-	117,905,000[1]	54.89
5.	Cheam Heng Cheang	12,456,600	5.80	-	-
6.	Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	-	-	92,905,000[2]	43.25
7.	IBH Capital (Labuan) Limited	25,000,000	11.64	-	-
8.	Dato' Choo Kah Hoe	-	-	25,000,000[3]	11.64
9.	Lembaga Tabung Haji	20,016,400	9.32	-	-

Notes:-

1. Deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited and Fahim Capital Sdn Bhd (a shareholder of Brahim's International Franchises Sdn Bhd) pursuant to Section 6A of the Companies Act, 1965.
2. Deemed interested in shares by virtue of his shareholdings in Semantan Capital Sdn Bhd which is a shareholder of Brahim's International Franchises Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
3. Deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited pursuant to Section 6A of the Companies Act, 1965.
4. Deemed interested in shares by virtue of their shareholdings in Brahim's International Franchises Sdn Bhd.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name	No. of shares held	Percentage (%)
1.	Brahim's International Franchises Sdn Bhd	45,005,000	20.95
2.	Cartaban Nominees (Tempatan) Sdn Bhd Standard Chartered Bank Malaysia Berhad for Brahim's International Franchises Sdn Bhd	34,100,000	15.87
3.	IBH Capital (Labuan) Limited	25,000,000	11.64
4.	Lembaga Tabung Haji	20,016,400	9.32
5.	Cheam Heng Cheang	9,621,000	4.48
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Brahim's International Franchises Sdn Bhd	7,300,000	3.40
7.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	5,392,000	2.51

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

	Name	No. of shares held	Percentage (%)
8.	Brahim's International Franchises Sdn Bhd	4,000,000	1.86
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	3,737,000	1.74
10.	Kumpulan Wang Simpanan Guru-Guru	3,390,000	1.58
11.	Amanahraya Trustees Berhad Public Smallcap Fund	2,963,500	1.38
12.	Cheam Heng Cheang	2,835,600	1.32
13.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Brahim's International Franchises Sdn Bhd	2,500,000	1.16
14.	Chan Fook Choon	2,115,100	0.98
15.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Saham Amanah Sabah	1,775,300	0.83
16.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yee Kheong	1,578,000	0.73
17.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	1,528,400	0.71
18.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Mohd Nazasli Bin Abdul Aziz	1,500,000	0.70
19.	Mohd Nazasli Bin Abdul Aziz	1,191,100	0.55
20.	Othman Bin Mohd Noor	1,011,100	0.47
21.	Azizan Bin Abd Rahman	1,000,000	0.47
22.	Abdul Aziz Bin Shamsuddin	1,000,000	0.47
23.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA, Singapore	850,000	0.40
24.	Mohd Nasir Bin Zainal	842,000	0.39

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

	Name	No. of shares held	Percentage (%)
25.	Sharifah Bahiyah Binti Wan Omar	801,500	0.37
26.	Ong Chong Tek	748,000	0.35
27.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hon Pansy	673,600	0.31
28.	Noreen Shafiza Binti Meor Ahamad	635,000	0.30
29.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for BSI SA	600,000	0.28
30.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	569,000	0.26
	Total	**184,278,600**	**85.79**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting of BRAHIM'S HOLDINGS BERHAD (the "Company") will be held at Cafe Barbera, 18, Lorong Maarof, Bangsar Park, 59000 Kuala Lumpur on Thursday, 6 June 2013 at 10.00 a.m. for the following purposes:-

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note A)**

2. To approve the payment of the Directors' Fees for the financial year ended 31 December 2012. **(Ordinary Resolution 1)**

3. To re-elect Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain who retires by rotation as a Director of the Company pursuant to Article 98 of the Articles of Association of the Company. **(Ordinary Resolution 2)**

4. To re-appoint Messrs Crowe Horwath as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 3)**

Special Business

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

5. **AUTHORITY TO ISSUE SHARES** **(Ordinary Resolution 4)**

   "THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **(Ordinary Resolution 5)**

   "THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders of the Company dated 14 May 2013 ("the Circular") provided such transactions are:-

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

(b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

(c) not prejudicial to the minority shareholders of the Company. ("**Shareholders' Mandate**")

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

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

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Shareholders' Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

7. **RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965**

(i) "That pursuant to Section 129 of the Companies Act, 1965, Col (Rtd) Dato' Ir Cheng Wah be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Special Resolution 1)**

(ii) "That pursuant to Section 129 of the Companies Act, 1965, Goh Joon Hai be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Special Resolution 2)**

8. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

(i) "THAT subject to the passing of Special Resolution 1, authority be and is hereby given to Col (Rtd) Dato' Ir Cheng Wah who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company." **(Ordinary Resolution 6)**

(ii) "THAT subject to the passing of Special Resolution 2, authority be and is hereby given to Goh Joon Hai who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company." **(Ordinary Resolution 7)**

9. To transact any other business for which due notice has been given in accordance with the Companies Act 1965.

By Order of the Board

LIM LEE KUAN (MAICSA 7017753)
PANG CHIA TYNG (MAICSA 7034545)
Company Secretaries

Kuala Lumpur
14 May 2013

Notes:
1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member may appoint only 1 proxy to attend the same meeting. However, where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member appoints 2 or more proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding of the meeting or adjourned meeting.
6. The Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the meeting is Thursday,30 May 2013.

Explanatory Note

A : Item 1 of the Agenda
This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Special Business:

(i) Ordinary Resolution 4

Authority to Issue shares

The proposed Ordinary Resolution 4, if passed, will empower the Directors from the date of this Annual General Meeting, to issue and allot up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The rationale for this general mandate is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). The renewal of such general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for the purpose of future investment projects(s), working capital, repayment of borrowings and/or acquisitions.

The previous general mandate obtained from the Company's shareholders at the last Annual General Meeting held on 15 May 2012 was not utilised and accordingly, no proceeds were raised.

However, the Company had carried out the following corporate exercises in relation to the issuance of shares in the year 2012:

a. Private Placement of 17,900,000 new ordinary shares of RM1.00 each in the Company representing approximately ten percent (10%) of the issued and paid up share capital of the Company on 19 March 2012 using the general mandate obtained on 31 May 2011. Please refer to page 58 of the Annual Report for the status of utilisation of the total proceeds from the private placement.

b. Specific approval was obtained from the Company's shareholders at the Extraordinary General Meeting held on 11 July 2012 for the issuance of 17,900,000 Ordinary Shares of RM1.00 each in Brahim's Holdings Berhad at RM1.00 each as part of the consideration for the acquisition of 60% equity interest in Admuda Sdn. Bhd. pursuant to the share sale agreement dated 13 February 2012. The shares were allotted on 11 July 2012.

(ii) Ordinary Resolution 5

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The proposed ordinary resolution, if passed, will allow the Group to enter into recurrent related party transactions made on arms' length basis and on normal commercial terms and which are not prejudicial to the minority shareholders.

Further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 14 May 2013 which is dispatched together with the 2012 Annual Report of the Company.

(iii) Special Resolutions 1 and 2

Re-Appointment of Directors Pursuant to Section 129 of the Companies Act, 1965

The proposed Special Resolutions 1 and 2, if passed, will allow the directors who are over the age 70 years to be re-appointed as directors of public company pursuant to Section 129 of the Companies Act, 1965.

A vote by the majority of not less than three-fourths of members who are entitled to vote and voting in person or by proxy is required to pass these resolutions.

(iv) Ordinary Resolutions 6 and 7

Continuing in Office as Independent Non-Executive Directors

The Nomination Committee has assessed the independence of Col (Rtd) Dato' Ir Cheng Wah and Goh Joon Hai, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue act as an Independent Non-Executive Director of the Company based on the following justifications:-

a. they fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, they would able to provide check and balance and bring an element of objectivity to the Board;
b. they are familiar with the Company's business operations and are able to advise the Board diligently on business legacy matters before the change in controlling interest;
c. they were not appointed by the current controlling shareholder and hence the issue on special relationship with or loyalty to the controlling shareholder does not arise;
d. they have devoted sufficient time and attention to their professional obligations for informed and balanced decision making by actively participated in board discussion and provided an independent voice to the Board; and
e. they have exercised their due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

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BRAHIM'S HOLDINGS BERHAD
(82731-A) (Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	CDS Account No.

* I/We ....
of ....
being a Member(s) of **BRAHIM'S HOLDINGS BERHAD** (82731-A), hereby appoint ....
of .... or failing him / her ....
(Second proxy is allowed for authorised nominees only)
....
of ....

or # THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the 31st Annual General Meeting of the Company to be held at Cafe Barbera, 18, Lorong Maarof, Bangsar Park, 59000 Kuala Lumpur on Thursday, 6 June 2013 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:-

Ordinary Resolutions	**For**	**Against**
1. To approve the payment of Directors' Fees 2012 (Ordinary Resolution 1)		
2. To re-elect Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain as Director (Ordinary Resolution 2)		
3. To re-appoint Messrs Crowe Horwath as Auditors of the Company (Ordinary Resolution 3)		
Special Business 4. Authority to Issue Shares (Ordinary Resolution 4)		
5. To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolution 5)		
6. To re-appoint Col (Rtd) Dato' Ir Cheng Wah as Director (Special Resolution 1)		
7. To re-appoint Goh Joon Hai as Director (Special Resolution 2)		
8. To continue Col (Rtd) Dato' Ir Cheng Wah in office as an Independent Non-Executive Director (Ordinary Resolution 6)		
9. To continue Goh Joon Hai in ofiice as an Independent Non-Executive Director (Ordinary Resolution 7)		

Mark either box if you wish to direct the proxy how to vote. If no mark is made, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

The proportions of our shareholding to be represented by the proxies appointed by the authorised nominee (if appoint more than 1 proxies) are as follows: -

First Proxy	%
Second Proxy	%
	100%

** Delete if not applicable.*

Dated this ....day of 2013

....
Signature / Common Seal of Shareholder

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *A member may appoint only 1 proxy to attend the same meeting. However, where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member appoints 2 or more proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding of the meeting or adjourned meeting.*
6. *The Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the meeting is Thursday,30 May 2013.*

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PLEASE
AFFIX STAMP

The Share Registrar
Symphony Share Registrars Sdn Bhd

Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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