

Brahim's Holdings Berhad
(Company No. 82731-A)
(Incorporated in Malaysia)

Interim Financial Report
31 March 2014

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Statement Of Profit Or Loss And Other Comprehensive Income For The Financial Period Ended 31 March 2014

	Individual Quarter		Cumulative Quarters	
	3 months ended 31 March		3 months ended 31 March	
	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)
Continuing Operations				
Revenue	92,473	87,379	92,473	87,379
Cost of Sales	(37,048)	(36,363)	(37,048)	(36,363)
Gross Profit	55,425	51,016	55,425	51,016
Other income	628	507	628	507
Administrative expenses	(40,514)	(42,223)	(40,514)	(42,223)
Other expenses	(1,677)	(1,918)	(1,677)	(1,918)
Finance costs	(3,036)	(3,396)	(3,036)	(3,396)
Share of results of jointly controlled entities	769	916	769	916
Profit before taxation	11,595	4,902	11,595	4,902
Income tax expense	(4,170)	(3,627)	(4,170)	(3,627)
Profit after taxation	7,425	1,275	7,425	1,275
Profit attributable to:				
- Owners of the Company	4,157	(1,774)	4,157	(1,774)
- Non Controlling Interest	3,268	3,049	3,268	3,049
	7,425	1,275	7,425	1,275
Total comprehensive income attributable to:-				
- Owners of the Company	4,157	(1,774)	4,157	(1,774)
- Non Controlling Interest	3,268	3,049	3,268	3,049
	7,425	1,275	7,425	1,275
Earnings per share (sen) attributable to the owners of the Company				
Basic	1.82	(0.83)	1.82	(0.83)
Diluted	N/A	N/A	N/A	N/A

Brahim's Holdings Berhad

(Company No. 82731-A)

(Incorporated in Malaysia)

Statement Of Financial Position At 31 March 2014

	As At 31.03.2014 RM'000 (Unaudited)	As At 31.12.2013 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	60,969	65,012
Investment in a Joint Venture	21,768	20,998
Intangible assets	2,900	225
Goodwill on consolidation	302,311	302,311
Deferred tax assets	-	-
	<u>387,948</u>	<u>388,546</u>
Current Assets		
Inventories	7,318	7,351
Trade receivables	97,637	78,969
Other receivables, deposits and prepayments	13,777	7,273
Tax recoverable	21,660	432
Amount owing by joint venture companies	29	42
Fixed deposits with a licensed bank	26,681	24,644
Cash and bank balances	18,029	29,007
	<u>185,131</u>	<u>147,718</u>
TOTAL ASSETS	<u>573,079</u>	<u>536,264</u>
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	236,285	225,545
Share premium	31,981	17,818
Accumulated profit/(loss)	14,431	10,865
Shareholders' Equity	<u>282,697</u>	<u>254,228</u>
Non Controlling Interest	37,923	34,655
Total Equity	<u>320,620</u>	<u>288,883</u>
Non-Current Liabilities		
Long-term borrowings	147,098	88,218
Deferred tax liabilities	1,347	1,197
	<u>148,445</u>	<u>89,415</u>
Current Liabilities		
Trade payables	31,464	32,865
Other payables and accruals	28,308	53,457
Short-term borrowings	17,391	63,940
Provision for taxation	23,358	4,109
Bank overdrafts	3,493	3,595
	<u>104,014</u>	<u>157,966</u>
Total Liabilities	<u>252,459</u>	<u>247,381</u>
TOTAL EQUITY AND LIABILITIES	<u>573,079</u>	<u>536,264</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013.

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Statement Of Changes In Equity For The Financial Period Ended 31 March 2014

The Group	Non-Distributable		Accumulated	Attributable	Non-	Total
	(Unaudited) RM'000		Retained Profit (Unaudited) RM'000	To Owners Of The Company (Unaudited) RM'000	Controlling Interests (Unaudited) RM'000	Equity (Unaudited) RM'000
	Share Capital	Share Premium				
At 1 January 2014	225,545	17,818	10,865	254,228	34,655	288,883
Contribution by owner of the Company						
- Issuance of shares	10,740	14,381	-	25,121	-	25,121
- Share issuance expenses		(218)	-	(218)	-	(218)
Profit after taxation/Total comprehensive income for the financial year	-	-	4,157	4,157	3,268	7,425
Interim Dividend for the Financial Year 2013	-	-	(591)	(591)	-	(591)
At 31 March 2014	236,285	31,981	14,431	282,697	37,923	320,620

The Company	Non-Distributable		Accumulated	Total
	RM'000 (Unaudited)		losses RM'000 (Unaudited)	Equity RM'000 (Unaudited)
	Share Capital	Share Premium		
At 1 January 2014	225,545	17,818	(59,573)	183,790
Contribution by owner of the Company				
- Issuance of shares	10,740	14,381	-	25,121
- Share issuance expenses	-	(218)	-	(218)
Profit after taxation/Total comprehensive income for the financial year	-	-	(4,068)	(4,068)
Interim Dividend for the Financial Year 2013	-	-	(591)	(591)
At 31 March 2014	236,285	31,981	(64,232)	204,034

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013.

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Statement Of Cash Flows For The Financial Period Ended 31 March 2014

	3 months ended	
	31.03.2014 RM'000 (Unaudited)	31.03.2013 RM'000 (Unaudited)
Operating activities		
Net Profit before tax	11,595	4,902
Adjustment for:-		
Amortisation of intangible assets	350	399
Bad debt written off	-	-
Share of profit in JV	(769)	(916)
Depreciation of property, plant and equipment	2,626	2,471
Gain on disposal of property, plant and equipment	(55)	-
Tax expense	4,170	-
Provision for doubtful debts	400	-
Interest expense	3,036	3,274
Interest income	(350)	(266)
Operating profit before working capital changes	21,003	9,864
Decrease/(Increase) in inventories	33	554
Decrease/(Increase) in receivables	(19,062)	(57,266)
Increase/(Decrease) in payables	(17,438)	46,336
Cash used in operations	(15,464)	(512)
Interest paid	(3,036)	(3,274)
Interest received	350	266
Tax paid	(6,000)	(4,072)
Net cash used to operating activities	(24,150)	(7,592)
Investing activities		
Acquisition of subsidiaries (net of cash & cash equivalents)	-	(89,388)
Dividends from JV	-	1,530
Interest income	350	-
Purchase of intangibles assets	(2,675)	-
Proceed from disposal of property, plant and equipment	55	-
Purchase of plant and equipment	(4,043)	(1,100)
Net cash used in investing activities	(6,313)	(88,958)
Financing activities		
Dividend paid to non-controlling interest	-	(3,900)
Drawdown of bank borrowings	151,558	160,000
Financing charges paid	(3,036)	-
Proceed from issuance of share capital	25,121	-
Repayment of bank borrowings	(151,661)	(26,430)
Repayment of hire-purchase payables	(139)	(70)
Share issue expenses	(218)	-
Net cash generated from financing activities	21,625	129,600
Net increase in cash and cash equivalents	(8,838)	33,050
Cash and cash equivalents at the beginning of financial period	50,056	(1,061)
Cash and cash equivalents at the end of financial period	41,218	31,989
Cash, bank balances and fixed deposits with a licensed bank	44,711	35,801
Bank overdrafts	(3,493)	(3,812)
	41,218	31,989

Brahim's Holdings Berhad

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Notes To The Interim Financial Report

A Explanatory Notes Pursuant to MFRS134

1. Basis of preparation

The condensed consolidated interim financial report is not audited and has been prepared in accordance with Malaysian Financial Reporting Standards (MFRS 134) "Interim Financial Reporting", paragraph 9.22 and appendix 9B of the Bursa Malaysia's Main Market Listing Requirements.

The condensed consolidated interim financial report complied with International Accounting Standards (IAS34) "Interim Financial Reporting." and should be read in conjunction with the annual financial report for the year ended 31 December 2012 which was presented in accordance with Financial Reporting Standards (FRS134) "Interim Financial Reporting."

2. Changes in Accounting Policies

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 ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above standards and amendments do not have significant impact on the financial performance of the Group.

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Notes To The Interim Financial Report

3. Seasonal or cyclical factors

The Group's operations were not significantly affected by any significant seasonal or cyclical factors during the quarter under review.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

5. Nature and amount of changes in estimates

None.

6. Debt and equity securities

None.

7. Dividends paid

No dividend was paid during the current quarter ended 31 March 2014.

Brahim's Holdings Berhad

(Company No. 82731-A)

(Incorporated in Malaysia)

Notes To The Interim Financial Report

8. Segmental reporting

	Individual Quarter 3 months ended 31 Mar		Cumulative Quarters 3 months ended 31 Mar	
	2014 RM '000 (Unaudited)	2013 RM '000 (Unaudited)	2014 RM '000 (Unaudited)	2013 RM '000 (Unaudited)
Segment Revenue				
Revenue from continuing operations:				
In-flight catering & related services	89,843	84,943	89,843	84,943
Logistics and related services	1,658	1,509	1,658	1,509
Trading and insurance agency	6	3	6	3
Food and beverage	884	924	884	924
Holding Company	82	-	82	-
Total revenue including inter-segment revenue	92,473	87,379	92,473	87,379
Elimination of inter-segment revenue				
Logistics and related services	-	-	-	-
Trading & insurance agency	-	-	-	-
Food and beverage	-	-	-	-
Holding Company	-	-	-	-
Total revenue from continuing operations	92,473	87,379	92,473	87,379
Segment results				
Results from continuing operations:				
In-flight catering & related services	15,266	14,186	15,266	14,186
Logistics and related services	263	53	263	53
Trading and insurance agency	(60)	(63)	(60)	(63)
Food and beverage	(348)	(555)	(348)	(555)
Sugar refinery	(145)	-	(145)	-
Holding Company	(1,114)	(6,239)	(1,114)	(6,239)
Operating profits from continuing operations	13,862	7,382	13,862	7,382
Finance costs	(3,036)	(3,396)	(3,036)	(3,396)
Share of results from Joint Venture	769	916	769	916
Profit before taxation	11,595	4,902	11,595	4,902
Income tax expense	(4,170)	(3,627)	(4,170)	(3,627)
Profit after taxation	7,425	1,275	7,425	1,275

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(Company No. 82731-A)
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Notes To The Interim Financial Report

9. Valuation of Property, plant and equipment

The valuation of land and buildings has been brought forward without amendment from the previous annual financial statements.

10. Material Events Subsequent to the End of Financial Year

The significant events of the Group from the end of previous quarter till the date of this quarterly report are disclosed in Appendix II note 7 on the status of corporate proposal of this report.

11. Changes in composition of the Group

There were no changes in composition of the Group during the quarter under review since the last annual balance sheet date.

12. Contingent Liabilities /Assets

There were no changes in contingent liabilities or assets during the quarter under review since the last annual balance sheet date.

13. Capital Commitments

	THE GROUP	
	2014 RM'000	2013 RM'000
Approved and contracted for :-		
Property, plant and equipment	318	-
Intangible assets	-	63
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(Company No. 82731-A)
(Incorporated in Malaysia)

Notes To The Interim Financial Report

14. Related Party Transactions

The related party transactions of the Group had been entered into in the ordinary course of business. Below are the significant transactions and balances with related parties of the Group during the current financial year.

	Transaction for the year/period ended	
	31.03.2014 RM '000	31.03.2013 RM '000
A) Transaction between holding company with its significant owners		
Interest charges by Brahim's International Franchises Sdn. Bhd.	-	509
Advisory fees charged by IBH Investment Bank Limited	968	910
B) Transaction between Holding Company and its subsidiaries		
Interest charges to Tamadam Industries Sdn. Bhd.	-	(145)
Rental of warehouse from Tamadam Industries Sdn. Bhd.	-	261
Rental of warehouse charged to Tamadam Crest Sdn. Bhd.	-	(246)
Management fees received from Dewina Host Sdn. Bhd.	(110)	(264)
C) Transaction between subsidiaries and subsidiaries		
Rental of warehouse from Tamadam Industries Sdn. Bhd. to Tamadam Crest Sdn. Bhd.	-	164

15. Comparatives

The classifications of items in the current quarter have been consistent with the audited financial statements for the year ended 31 December 2013.

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Interim Financial Report 31 March 2014

Additional information required by the
Bursa Malaysia's Main Market Listing Requirements

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Additional information required by the Bursa Malaysia's Listing Requirements

B Selected Explanatory Notes to the Interim Financial Report (Part A of Appendix 9B of Bursa Malaysia's Main Market Listing Requirements)

1. Performance Analysis

In 2014 first quarter, the Group recorded a revenue of RM92.47 million which was 5.83% or RM5.09 million higher than the revenue of RM87.38 million in the same quarter last year.

The Group recorded a pre-tax earnings of RM11.60 million in the current quarter. The pre-tax earnings were higher by RM6.69 million or 136.54% compared to the pre-tax earnings of RM4.90 million in corresponding quarter of the previous year.

Performance of the respective operating segments are analysed as follow:-

In-flight catering and related services

The performance of in-flight catering and related services had shown an improvement as compared to corresponding quarter in the previous year. The revenue for current quarter was higher by RM4.90 million or 5.77% closing at RM89.84 million compared with the revenue of RM84.94 million in corresponding quarter of the previous year.

The in-flight catering segment result for the current quarter under review also improved favourably. Current quarter's profit from operations was RM15.26 million which represented 7.61% or RM1.08 million higher than RM14.18 million profit from operations in the same quarter of the previous year.

Food and Beverage

Performance of food and beverage segment for this quarter was slightly lower than corresponding quarter in the previous year. Revenue for the current quarter was RM884,000 which was 4.33% or RM40,000 lower than the revenue of RM924,000 in corresponding quarter of the previous year.

Current quarter's net loss of RM 348,000 for food and beverage segment was lower by RM207,000 from RM555,000 as compared with corresponding quarter net loss in the previous year .

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Additional information required by the Bursa Malaysia's Listing Requirements

1. Performance Analysis (Cont'd)

Logistics and related services

Current quarter's revenue contributed by logistics and related services segment closed at RM1.66 million which was RM149,000 or 9.87% higher as compared to RM1.51 million of the revenue in corresponding quarter in previous year . The warehouse occupancy rate was maintained at a stable level.

The profit on segment result has increase by RM210,000 or 396.23%. The profit for this segment for current quarter was RM263,000 against corresponding quarter profit of RM53,000 in previous year.

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue has decrease from RM109.0 million in the fourth quarter of 2013 to RM92.47 million in the first quarter of 2014.

The Group recorded a profit before tax of RM11.60 million for the current quarter as compared to profit before tax of RM23.36 million in the immediate preceding quarter. This profit before tax of RM23.36 million included the re-measurement gain of RM4.953 million which is non-recurrent in nature. When compared to the immediate preceding quarter's profit before tax without the re-measurement gain, the comparative decrease was 37.02% or RM6.186 million.

3. Prospects

The prospect outlook for the In-Flight Catering segment remains positive arising from the "Visit Malaysia Year 2014" campaign and increase in passenger load. Revenue from the national carrier, Malaysian Airline System Bhd (MAS) is expected to increase due to their fare promotions to increase passenger volume and the double catering of meals for selected routes. Revenue from other foreign carriers also continued to show improvement.

The performance for Food and Beverage segment for first quarter 2014 had shown marginal improvement. The losses are now being contained and the management are making plans to turn this segment around.

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Additional information required by the Bursa Malaysia's Listing Requirements

3. Prospects (Continued)

Dewina Host Sdn Bhd continues to enlarge its business footprint in KLIA2. It was awarded the Premium Food Court and a Fast Food outlet located at the airside of International Departure Hall, KLIA2. The food court measuring 2,572 sq. meter will be offering nine (9) food concepts serving mainly Asian and International cuisines.

The logistics segment is expected to be maintained at a satisfactory level with stable demand for warehousing services.

4. Profit forecast

No profit forecast was made.

5. Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document

Not applicable as the Group has not issued any profit forecast or profit guarantee to the public

6. Taxation

	Individual Quarter 3 months ended 31 Mar		Cumulative Quarters 3 months ended 31 Mar	
	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)
Current tax:				
-for the financial year	3,745	2,625	3,745	2,625
-under provision in previous financial year	-	-	-	-
Deferred tax:				
-for the current financial year	150	1,005	150	1,005
Zakat	275	-	275	-
	<u>4,170</u>	<u>3,627</u>	<u>4,170</u>	<u>3,627</u>

The effective tax rate on the Group's profit before tax for the financial year ended 31 March 2014 is 35.96% which is higher than the statutory tax rate. This arises from the consolidated effects. Otherwise, the tax rate paid by subsidiary is at 27%.

Brahim's Holdings Berhad

(Company No. 82731-A)
(Incorporated in Malaysia)

Additional information required by the Bursa Malaysia's Listing Requirements

7. Status of corporate proposal

- i) On 12 March 2014, Brahims Holdings Berhad completed a Private Placement following the listing of and quotation for 10,740,250 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

8. Borrowings

	31.03.2014 RM'000 (Unaudited)	31.03.2013 RM'000 (Unaudited)
a) Short term borrowings		
Secured		
- Term loans	7,104	19,171
- Hire purchase and lease payables	265	62
- Revolving credit	-	-
Unsecured		
- former shareholder of BACH	10,022	10,022
	-	-
	<hr/>	<hr/>
	17,391	29,255
b) Long term borrowings		
Secured		
- Term loans	146,985	152,013
- Hire purchase and lease payables	113	350
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	147,098	152,363
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	164,489	181,618

The above borrowings are denominated in Ringgit Malaysia.

9. Changes in material litigation

The Group is not engaged in any material litigation as at the date of this report.

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Additional information required by the Bursa Malaysia's Listing Requirements

10. Dividend

- (a) (i) The Directors had declared an interim single tier dividend of 0.25 sen per share in respect of the financial year ended 31 December 2013,
- (ii) Amount per share : Single tier dividend of 0.25 sen;
- (iii) Entitlement date : Monday, 12 May 2014;
- (iv) Payment date : Monday, 26 May 2014.
- (b) The total dividend for the financial year ended 31 December 2013 is 0.25 sen per share.

11. Basic earnings per share

	Individual Quarter		Cumulative Quarters	
	3 months ended		3 months ended	
	31/03/14	31/03/13	31/03/14	31/03/13
Basic earnings per share				
Net profit attributable to (RM'000) ordinary equity holders of the parent company	4,157	(1,774)	4,157	(1,774)
Weighted average number ('000) of ordinary shares in issue	227,932	214,805	227,932	214,805
Basic earnings per share (sen)	1.82	(0.83)	1.82	(0.83)

The calculation of basic earnings per share for the quarter to date is arrived at, by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares issued during the financial year.

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(Company No. 82731-A)
(Incorporated in Malaysia)

Additional information required by the Bursa Malaysia's Listing Requirements

12. Audited report

The audited report for the financial year ended 31 December 2013 was not subject to any qualification.

13. Notes to the Statement of Comprehensive Income

Profit before taxation is arrived at after charging/(crediting):-

	Current Quarter 31.03.14 RM'000 (Unaudited)	Year To -Date 31.03.14 RM'000 (Unaudited)
Interest expense	3,036	3,036
Depreciation and amortisation	2,976	2,976
Gain on disposal of plant and equipment	-	-
Interest income	<u>(350)</u>	<u>(350)</u>

14. Realised and Unrealised Profits/(Losses) Disclosures

The retained profits as at 31 March 2014 and 31 December 2013 were analysed as follows:-

	31/03/14 RM'000 (Unaudited)	31/12/13 RM'000 (Audited)
Total accumulated profit/(losses) of the Company and its subsidiaries		
- Realised	50,637	52,483
- Unrealised	(4,170)	(8,785)
	<u>46,467</u>	<u>43,698</u>
Add: Consolidation Adjustments	(32,036)	(32,842)
	<u>14,431</u>	<u>10,856</u>
Total group accumulated (losses) as per consolidated statements		

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Additional information required by the Bursa Malaysia's Listing Requirements

15. Authorisation for Issue

The interim financial statement was duly approved by the Board of Directors at the board meeting held on 28 May 2014.