

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

Interim Financial Report
30 September 2014

Brahim's Holdings Berhad

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

Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 30 September 2014

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 September		9 months ended 30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing Operations				
Revenue	89,691	100,082	274,500	285,709
Cost of Sales	(38,104)	(44,008)	(113,685)	(120,268)
Gross Profit	51,587	56,074	160,815	165,441
Other income	246	621	1,501	1,684
Administrative expenses	(40,081)	(36,979)	(121,797)	(118,014)
Other expenses	(3,921)	(649)	(9,746)	(5,142)
Finance costs	(2,098)	(3,322)	(8,043)	(9,840)
Share of results of jointly controlled entities	(48)	780	986	2,484
Profit before taxation	5,685	16,525	23,716	36,613
Income tax expense	(2,781)	(5,667)	(9,498)	(14,612)
Profit after taxation	2,904	10,858	14,218	22,001
Profit attributable to:				
- Owners of the Company	1,011	6,496	6,730	10,185
- Non Controlling Interest	1,893	4,362	7,488	11,816
	2,904	10,858	14,218	22,001
Total comprehensive income attributable to:-				
- Owners of the Company	1,011	6,496	6,730	10,185
- Non Controlling Interest	1,893	4,362	7,488	11,816
	2,904	10,858	14,218	22,001
Earnings per share (sen) attributable to the owners of the Company				
Basic	0.43	3.01	2.88	4.74
Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income 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)
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Condensed Consolidated Statement Of Financial Position As At 30 September 2014

	As At 30.09.2014 RM'000 (Unaudited)	As At 31.12.2013 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	61,536	65,012
Investment in a Joint Venture	21,984	20,998
Intangible assets	2,582	225
Goodwill on consolidation	302,311	302,311
	<u>388,413</u>	<u>388,546</u>
Current Assets		
Inventories	7,109	7,351
Trade receivables	123,844	78,969
Other receivables, deposits and prepayments	7,341	7,273
Tax recoverable	14,188	432
Amount owing by joint venture companies	19	42
Fixed deposits with a licensed bank	24,369	24,644
Cash and bank balances	9,791	29,007
	<u>186,661</u>	<u>147,718</u>
TOTAL ASSETS	<u>575,074</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)	17,004	10,865
Shareholders' Equity	<u>285,270</u>	<u>254,228</u>
Non Controlling Interest	42,143	34,655
Total Equity	<u>327,413</u>	<u>288,883</u>
Non-Current Liabilities		
Long-term borrowings	131,827	88,218
Deferred tax liabilities	1,648	1,197
	<u>133,475</u>	<u>89,415</u>
Current Liabilities		
Trade payables	34,805	32,865
Other payables and accruals	36,115	53,457
Short-term borrowings	30,664	63,940
Provision for taxation	9,838	4,109
Bank overdrafts	2,764	3,595
	<u>114,186</u>	<u>157,966</u>
Total Liabilities	<u>247,661</u>	<u>247,381</u>
TOTAL EQUITY AND LIABILITIES	<u>575,074</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)
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Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 September 2014

	< Non - Distributable >		< Distributable >		Non-Controlling Interest RM'000	Total RM'000
	Share Capital	Share Premium	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000		
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)
Total comprehensive income	-	-	6,730	6,730	7,488	14,218
Dividends	-	-	(591)	(591)	-	(591)
At 30 September 2014	236,285	31,981	17,004	285,270	42,143	327,413
At 1 January 2013	214,805	13,372	(11,163)	217,014	1,885	218,899
- Issuance of shares	10,740	4,833	-	15,573	-	15,573
- Share issuance expenses	-	(386)	-	(386)	-	(386)
Acquisition of remaining 49% equity interest in subsidiaries	-	-	-	-	26,343	26,343
Total comprehensive income	-	-	10,185	10,185	11,816	22,001
Dividend paid by a subsidiary to Non-Controlling Interest	-	-	-	-	(8,703)	(8,703)
At 30 September 2013	225,545	17,819	(978)	242,386	31,341	282,430

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

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Condensed Consolidated Statement Of Cash Flows For The Financial Period Ended 30 September 2014

	9 months ended	
	30.09.2014 (Unaudited) RM'000	30.09.2013 (Unaudited) RM'000
Operating activities		
Net Profit before tax	23,715	36,613
Adjustment for:-		
Allowance for impairment lossess on receivables	3,900	-
Amortisation of intangible assets	995	1,209
Bad-debt written off	46	15
Depreciation of property, plant and equipment	7,966	7,634
Financing charges	-	34
Loss/(Gain) on disposal of property, plant and equipment	48	(14)
Tax expense	9,498	-
Interest expense	8,311	9,340
Interest income	(667)	(642)
Share of profit in JV	(986)	(2,484)
Write-back of allowance for impairment lossess on receivables	(58)	-
Zakat	725	-
Operating profit before working capital changes	53,493	51,705
Decrease/(Increase) in inventories	242	(3,628)
Decrease/(Increase) in receivables	(58,191)	(31,503)
Increase/(Decrease) in payables	(15,536)	14,163
Cash used in operations	(19,992)	30,737
Interest paid	(8,311)	(9,340)
Interest received	667	642
Tax paid	(17,801)	(14,859)
Net cash used to operating activities	(45,437)	7,180
Investing activities		
Acquisition of subsidiaries (net of cash & cash equivalents)	-	(106,666)
Advance from/(to) JV	22	-
Dividends from JV	-	20,301
Proceed from disposal of property, plant and equipment	277	-
Purchase of intangibles assets	(384)	-
Purchase of plant and equipment	(7,783)	(8,604)
Net cash used in investing activities	(7,868)	(94,969)
Financing activities		
Dividend paid to non-controlling interest	-	(8,702)
Dividend paid to shareholders	(591)	-
Drawdown of bank borrowings	155,000	160,000
Proceed from issuance of share capital	25,121	15,573
Repayment of bank borrowings	(144,180)	(74,522)
Repayment of lease and hire-purchase	(487)	(380)
Share issue expenses	(218)	-
Net cash generated from financing activities	34,645	91,969
Net increase in cash and cash equivalents	(18,660)	4,180
Cash and cash equivalents at the beginning of financial period	50,056	29,433
Cash and cash equivalents at the end of financial period	31,396	33,613
Cash, bank balances and fixed deposits with a licensed bank	34,160	37,236
Bank overdrafts	(2,764)	(3,623)
	31,396	33,613

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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 statements are not audited and have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS 134) "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial report for the year ended 31 December 2013. These explanatory notes attached to the financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

2. Changes in Accounting Policies

The financial statements of the Group are prepared under the historical cost convention and modified to include other basis 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.

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Notes To The Interim Financial Report

3. Auditors' Report

There was no qualification on the audited financial statements for the financial year ended 31 December 2013.

4. Seasonal or cyclical factors

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

5. Unusual items

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

6. Changes in estimates

There were no significant changes in the estimates reported in prior financial year, which have a material effect in the current reporting period.

7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current financial year to date.

8. Dividends paid

On 26 May 2014, the Company paid first interim single tier dividend of 0.25 sen per share in respect of the financial year ended 31 December 2013, amounting to RM590,715.

Brahim's Holdings Berhad

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Notes To The Interim Financial Report

9. Segmental reporting

	Individual Quarter		Cumulative Quarters	
	3 months ended		9 months ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM '000	RM '000	RM '000	RM '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment Revenue				
Revenue from continuing operations:				
In-flight catering & related services	86,976	97,676	266,385	278,467
Logistics and related services	2,023	1,667	5,597	4,599
Trading and insurance agency	4	5	23	22
Food and beverage	652	734	2,319	2,621
Holding Company	52	-	192	-
Total revenue including inter-segment revenue	<u>89,707</u>	<u>100,082</u>	<u>274,516</u>	<u>285,709</u>
Elimination of inter-segment revenue	-	-	-	-
Logistics and related services	-	-	-	-
Trading & insurance agency	-	-	-	-
Food and beverage	-	-	-	-
Holding Company	-	-	-	-
Total revenue from continuing operations	<u>89,707</u>	<u>100,082</u>	<u>274,516</u>	<u>285,709</u>
Segment results				
Results from continuing operations:				
In-flight catering & related services	8,853	21,180	34,537	54,899
Logistics and related services	596	347	1,169	501
Trading and insurance agency	(5)	(64)	(11)	(314)
Food and beverage	(645)	(329)	(1,431)	(1,503)
Sugar refinery	(78)	(132)	(303)	(132)
Holding Company	<u>(890)</u>	<u>(1,935)</u>	<u>(3,188)</u>	<u>(9,482)</u>
Operating profits from continuing operations	7,831	19,067	30,773	43,969
Finance costs	(2,098)	(3,322)	(8,043)	(9,840) *
Share of results from Joint Venture	<u>(48)</u>	<u>780</u>	<u>986</u>	<u>2,484</u>
Profit before taxation	5,685	16,525	23,716	36,613
Income tax expense	<u>(2,781)</u>	<u>(5,667)</u>	<u>(9,498)</u>	<u>(14,612)</u>
Profit after taxation	<u>2,904</u>	<u>10,858</u>	<u>14,218</u>	<u>22,001</u>

* Included one-off acquisition non-recurring cost of RM4.4 million

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Notes To The Interim Financial Report

10. Valuation of Property, plant and equipment

The valuations of property, plant and equipment of the Group have been brought forward without amendments from the previous annual financial statements.

11. Material Events Subsequent to the End of Interim Period

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 6 on the status of corporate proposal of this report.

12. Changes in composition of the Group

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

13. Changes in Contingent Liabilities or Contingent Assets

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

14. Capital Commitments

	THE GROUP	
	2014	2013
	RM'000	RM'000
Approved and contracted for :-		
Property, plant and equipment	460	-
Intangible assets	-	-
	<hr/>	<hr/>

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Notes To The Interim Financial Report

15. Related Company Transactions

The related company transactions of the Group had been entered into in the ordinary course of business. Below are the significant transactions with the related parties of the Group during the current financial period.

	Current Quarter 3-months ended 30.09.2014 RM '000	Cumulative 9-months ended 30.09.2014 RM '000
Advisory fees paid	-	775
Management fees received/receivable from a joint venture	(51)	(192)
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16. 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

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Interim Financial Report

30 September 2014

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

Brahim's Holdings Berhad

(Company No. 82731-A)
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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

For the third quarter ended 30 September 2014, the Group recorded a 10.38% reduction in revenue to RM89.69 million from the corresponding period revenue of RM100.08 million in 2013.

The Group recorded a pre-tax earnings of RM5.68 million in the current quarter. The pre-tax earnings were lower by RM10.85 million or 65.64% compared to the pre-tax earnings of RM16.53 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 a decline as compared to the corresponding quarter in the previous year. The revenue for the current quarter was lower by RM10.7 million or 10.95% closing at RM86.98 million compared with a revenue of RM97.68 million in the corresponding quarter of the previous year.

Current quarter's segmental profit from operations was RM8.85 million which represented a 58.22% reduction or RM12.33 million lower than RM21.18 million profit from operations in the same quarter of the previous year. The poorer results arose from MAS reduction in unit cost of food services as part of their strategy to counter declining passenger loads caused by the MH17 incident.

Food and Beverage

Performance of the food and beverage segment for this quarter was marginally lower than the corresponding quarter in the previous year. Revenue for the current quarter was RM652,000 which was 11.17% or RM82,000 lower than the corresponding period revenue of RM734,000.

Current quarter's net loss increased by RM316,000 to RM645,000 for the food and beverage segment as compared to a loss of RM329,000 in the same quarter of 2013.

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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 continued to improve. It registered an increase of RM350,000 or 20.96% to RM2.02 million compared to RM1.67 million in the corresponding quarter of the previous year.

Correspondingly segmental profit increased to RM596,000 or 71.76% at RM249,000 against a corresponding quarter profit of RM347,000 in the previous year.

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue has marginally decreased from RM92.34 million in the second quarter of 2014 to RM89.69 million in the third quarter of 2014.

The Group recorded a profit before tax of RM5.68 million for the current quarter as compared to profit before tax of RM6.44 million in the immediate preceding quarter. This represented a decrease of 11.80% or RM0.76 million reflecting the lower contribution from the poorer performance of the flight catering subsidiary in the third quarter.

3. Current year prospects

The outlook for the In-Flight Catering segment is expected to show some improvement due to the expected increase in passenger load in the final quarter of 2014. Revenue from Malaysian Airline System Bhd (MAS) barring unforeseen circumstances is expected to marginally improve due to passenger load increase in the year end holiday season and its ongoing cost reduction programme. Revenue from foreign airlines carriers are expected to improve if not remaining stable.

The performance for the Food and Beverage segment for the third quarter 2014 continued to show losses. However, management is working hard to turn this segment around.

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Additional information required by the Bursa Malaysia's Listing Requirements

3. Prospects (Continued)

The Joint Venture company continues to enlarge its business footprint in KLIA2. It has started operating 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 offering nine (9) food concepts serving mainly Asian and International cuisines has todate opened 3 outlets. Revenue is expected to improve in tandem with increasing traffic flow in KLIA2 and with all the food and beverage outlets opened by the next quarters.

The logistics segment is expected to stay positive with an increasing trend in line with demand for warehousing services.

4. 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.

5. Taxation

	Individual Quarter 3 months ended 30 September		Cumulative Quarters 9 months ended 30 September	
	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)
Current tax:				
-for the financial year	2,631	5,517	9,048	13,959
-under provision in previous financial year	-	-	-	-
Deferred tax:				
-for the current financial period	150	150	450	653
	<u>2,781</u>	<u>5,667</u>	<u>9,498</u>	<u>14,612</u>

The effective tax rate on the Group's profit before tax for the financial period ended 30 September 2014 is 40.0% which is higher than the statutory tax rate. This arises from the consolidated effects. Otherwise, the tax rate paid by subsidiaries is at 25%.

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Additional information required by the Bursa Malaysia's Listing Requirements

6. Status of corporate proposal

On 12 March 2014, Brahim's 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.

On 26 November 2014, Brahim's Holdings Berhad via its wholly-owned subsidiary, Brahim's Trading Sdn Bhd together with Quantum Angel Sdn Bhd had entered into a conditional share sale agreement with Integrated Food Group Sdn Bhd and E-Cap (Internal) Two Sdn Bhd for the acquisition of the entire 100% equity interest in Rancak Selera Sdn Bhd for a total cash consideration of RM95,000,000.

Pursuant to the Proposed Acquisition, Brahim's Trading Sdn Bhd together with Quantum Angel Sdn Bhd will incorporate a special purpose vehicle ("SPV") whereby Brahim's Holdings Berhad would hold up to 80% equity interest in the SPV while Quantum Angel Sdn Bhd will hold the remaining 20%.

7. Borrowings

	30.09.2014 RM'000 (Unaudited)	31.12.2013 RM'000 (Audited)
a) Short term borrowings		
Secured		
- Term loans	30,601	63,532
- Hire purchase and lease payables	63	408
- Revolving credit	-	-
	<u>30,664</u>	<u>63,940</u>
b) Long term borrowings		
Secured		
- Term loans	131,750	88,000
- Hire purchase and lease payables	77	218
	<u>131,827</u>	<u>88,218</u>
	<u>162,491</u>	<u>152,158</u>

The above borrowings are denominated in Ringgit Malaysia.

8. 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

9. 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 paid for the financial year ended 31 December 2013 was RM590,715.

10. Earnings per share

		Individual Quarter		Cumulative Quarters	
		3 months ended		9 months ended	
		30/09/14	30/09/13	30/09/14	30/09/13
Basic earnings per share					
Net profit attributable to ordinary equity holders of the parent company	(RM'000)	1,011	6,496	6,730	10,185
Weighted average number of ordinary shares in issue	('000)	236,285	215,506	233,610	215,041
Basic earnings per share	(sen)	0.43	3.01	2.88	4.74

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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Additional information required by the Bursa Malaysia's Listing Requirements

11. Notes to the Statement of Comprehensive Income

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

	Current Quarter 30.09.14 RM'000 (Unaudited)	Year To-Date 30.09.14 RM'000 (Unaudited)
Allowance for impairment losses on receivables	2,000	3,900
Bad debts written off	-	46
Depreciation and amortisation	3,001	8,961
Interest expenses	2,521	8,311
Loss on disposal of plant and equipment	-	48
Interest income	(5)	(667)
	<hr/>	<hr/>

12. Realised and Unrealised Profits/(Losses) Disclosures

The retained profits as at 30 September 2014 and 31 December 2013 were analysed as follows:-

	30/09/14 RM'000 (Unaudited)	31/12/13 RM'000 (Audited)
Total accumulated profit/(losses) of the Company and its subsidiaries		
- Realised	62,102	52,483
- Unrealised	(13,398)	(8,785)
	<hr/>	<hr/>
Add: Consolidation Adjustments	48,704 (31,700)	43,698 (32,842)
Total group retained earnings as per consolidated statements	<hr/> 17,004 <hr/>	<hr/> 10,865 <hr/>

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Additional information required by the Bursa Malaysia's Listing Requirements

13. Authorisation for Issue

The interim financial statement was duly approved by the Board of Directors at the board meeting held on 27 November 2014.