

Brahim's Holdings Berhad

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

Interim Financial Report 31 March 2015

Brahim's Holdings Berhad

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

Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 31 March 2015

	Individual Quarter		Cumulative Quarters	
	3 months ended		3 months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing Operations				
Revenue	85,726	92,473	85,726	92,473
Cost of Sales	(35,889)	(37,048)	(35,889)	(37,048)
Gross Profit	49,837	55,425	49,837	55,425
Other income	266	628	266	628
Administrative expenses	(40,305)	(40,514)	(40,305)	(40,514)
Other expenses	(1,571)	(1,677)	(1,571)	(1,677)
Finance costs	(2,437)	(3,036)	(2,437)	(3,036)
Share of results of jointly controlled entities	(279)	769	(279)	769
Profit before taxation	5,511	11,595	5,511	11,595
Income tax expense	(52)	(4,170)	(52)	(4,170)
Profit after taxation	5,459	7,425	5,459	7,425
Profit attributable to:				
- Owners of the Company	2,841	4,157	2,841	4,157
- Non Controlling Interest	2,618	3,268	2,618	3,268
	5,459	7,425	5,459	7,425
Total comprehensive income attributable to:-				
- Owners of the Company	2,841	4,157	2,841	4,157
- Non Controlling Interest	2,618	3,268	2,618	3,268
	5,459	7,425	5,459	7,425
Earnings per share (sen) attributable to the owners of the Company				
Basic	1.20	1.82	1.20	1.82
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 2014.

Brahim's Holdings Berhad

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

Condensed Consolidated Statement Of Financial Position As At 31 March 2015

	As At 31.3.2015 RM'000 (Unaudited)	As At 31.12.2014 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	64,348	60,907
Investment in a Joint Venture	21,600	21,878
Intangible assets	290	58
Goodwill on consolidation	294,311	294,311
Deferred tax assets	13,710	13,740
	<u>394,259</u>	<u>390,894</u>
Current Assets		
Inventories	6,971	7,525
Trade receivables	71,087	82,472
Other receivables, deposits and prepayments	10,211	13,477
Tax recoverable	20,735	3,224
Amount owing by joint venture companies	20	37
Fixed deposits with a licensed bank	19,859	6,654
Cash and bank balances	10,968	13,545
	<u>139,851</u>	<u>126,934</u>
TOTAL ASSETS	<u>534,110</u>	<u>517,828</u>
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	236,285	236,285
Share premium	31,981	31,981
Accumulated losses	(18,847)	(21,688)
Shareholders' Equity	<u>249,419</u>	<u>246,578</u>
Non Controlling Interest	29,401	26,783
Total Equity	<u>278,820</u>	<u>273,361</u>
Non-Current Liabilities		
Long-term borrowings	131,801	131,801
Deferred tax liabilities	1	1
	<u>131,802</u>	<u>131,802</u>
Current Liabilities		
Trade payables	39,412	41,934
Other payables and accruals	38,765	39,458
Short-term borrowings	28,542	28,559
Provision for taxation	14,273	65
Bank overdrafts	2,496	2,649
	<u>123,488</u>	<u>112,665</u>
Total Liabilities	<u>255,290</u>	<u>244,467</u>
TOTAL EQUITY AND LIABILITIES	<u>534,110</u>	<u>517,828</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014.

Brahim's Holdings Berhad

(Company No. 82731-A)
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Condensed Consolidated Statement Of Changes In Equity For The Year Ended 31 March 2015

	< Non - Distributable >		< Distributable >		Non- Controlling Interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Retained profits RM'000	Total RM'000		
At 1 January 2015	236,285	31,981	(21,688)	246,578	26,783	273,361
Contribution by owner of the Company						
Total comprehensive income	-	-	2,841	2,841	2,618	5,459
Dividends	-	-	-	-	-	-
At 31 March 2015	<u>236,285</u>	<u>31,981</u>	<u>(18,847)</u>	<u>249,419</u>	<u>29,401</u>	<u>278,820</u>
At 1 January 2014	225,545	17,818	10,865	254,228	34,655	288,883
- Issuance of shares	10,740	14,381	-	25,121	-	25,121
- Share issuance expenses	-	(218)	-	(218)	-	(218)
Total comprehensive income	-	-	4,157	4,157	3,268	7,425
Dividend paid	-	-	(591)	(591)	-	(591)
At 31 March 2014	<u>236,285</u>	<u>31,981</u>	<u>14,431</u>	<u>282,697</u>	<u>37,923</u>	<u>320,620</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014.

Brahim's Holdings Berhad

(Company No. 82731-A)
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Condensed Consolidated Statement Of Cash Flows For The Financial Year Ended 31 March 2015

	3 months ended	
	As at 31.03.2015 (Unaudited) RM'000	As at 31.03.2014 (Unaudited) RM'000
Operating activities		
Net Profit before tax	5,511	11,595
Adjustment for:-		
Allowance for impairment lossess on receivables	-	400
Amortisation and depreciation	2,942	2,976
Interest expense	2,431	3,036
Interest income	(84)	(350)
Loss/(Gain) on disposal of property, plant and equipment	-	(55)
Share of results in joint ventures	278	(769)
Tax expense	-	4,170
Operating profit before working capital changes	11,078	21,003
(Increase)/Derease in inventories	554	33
(Increase)/Derease in receivables	14,651	(19,062)
Increase/(Decrease) in payables	(3,215)	(17,438)
Cash used in operations	23,068	(15,464)
Interest paid	(2,431)	(3,036)
Interest received	-	350
Tax paid	(3,325)	(6,000)
Net cash used to operating activities	<u>17,312</u>	<u>(24,150)</u>
Investing activities		
Advances from/(Repayment to) a joint venture	16	-
Interest income	84	350
Proceeds from disposal of property, plant and equipment	-	55
Purchase of property, plant and equipment and intangibles assets	(6,615)	(6,718)
Net cash used in investing activities	<u>(6,515)</u>	<u>(6,313)</u>
Financing activities		
Drawndown of bank borrowings	-	151,558
Financing charges paid	-	(3,036)
Proceed from issuance of share capital	-	25,121
Share issuance expenses	-	(218)
Repayment of bank borrowings	-	(151,661)
Repayment of lease and hire-purchase	(17)	(139)
Net cash generated from financing activities	<u>(17)</u>	<u>21,625</u>
Net increase in cash and cash equivalents	10,781	(8,838)
Cash and cash equivalents at the beginning of financial year	<u>17,550</u>	<u>50,056</u>
Cash and cash equivalents at the end of financial period	<u>28,331</u>	<u>41,218</u>
Cash, bank balances and fixed deposits with licensed banks	30,827	44,711
Bank overdrafts	<u>(2,496)</u>	<u>(3,493)</u>
	<u>28,331</u>	<u>41,218</u>

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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 2014. 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)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations do not have any material 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 2014 except emphasis matter on the goodwill.

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

No dividend was paid during the current quarter ended 31 March 2015.

Brahim's Holdings Berhad

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Notes To The Interim Financial Report

9. Segmental reporting

	Individual Quarter 3 months ended 31 March		Cumulative Quarters 3 months ended 31 March	
	2015 RM '000 (Unaudited)	2014 RM '000 (Unaudited)	2015 RM '000 (Unaudited)	2014 RM '000 (Unaudited)
Segment Revenue				
Revenue from continuing operations:				
In-flight catering & related services	83,201	89,843	83,201	89,843
Logistics and related services	1,812	1,658	1,812	1,658
Trading	4	6	4	6
Food and beverage	646	884	646	884
Holding Company	63	82	63	82
Total revenue including inter-segment revenue	85,726	92,473	85,726	92,473
Elimination of inter-segment revenue	-	-	-	-
Total revenue from continuing operations	85,726	92,473	85,726	92,473
Segment results				
Results from continuing operations:				
In-flight catering & related services	8,826	15,266	8,826	15,266
Logistics and related services	223	263	223	263
Trading	(9)	(60)	(9)	(60)
Food and beverage	(249)	(348)	(249)	(348)
Sugar refinery	(79)	(145)	(79)	(145)
Holding Company	(485)	(1,114)	(485)	(1,114)
Operating profits from continuing operations	8,227	13,862	8,227	13,862
Finance costs	(2,437)	(3,036)	(2,437)	(3,036)
Share of results from Joint Venture	(279)	769	(279)	769
Profit before taxation	5,511	11,595	5,511	11,595
Income tax expense	(52)	(4,170)	(52)	(4,170)
Profit after taxation	5,459	7,425	5,459	7,425

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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

	31.03.2015 RM'000 (Unaudited)	31.03.2014 RM'000 (Unaudited)
Approved and contracted for :-		
Property, plant and equipment	240	318
Intangible assets	150	-
	<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 31.3.2015 RM '000 (Unaudited)	Cumulative 3-months ended 31.3.2015 RM '000 (Unaudited)
Management fees received/receivable from a joint venture	(62)	(62)

16. Comparatives

The classifications of items in the current quarter have been consistent with the audited financial statements for the year ended 31 December 2014.

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Interim Financial Report 31 March 2015

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

**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 2015 first quarter, the Group recorded a 7.29% reduction in revenue to RM85.73 million compared with the corresponding period in 2014 of RM92.47 million.

The Group recorded a pre-tax earnings of RM5.51 million in the current quarter as compared to a pre-tax earnings of RM11.60 million in the corresponding quarter of the previous year.

The decline in earnings resulted largely from continuing concessions given to MAS under the Settlement Agreement dated 26 February 2015.

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 RM6.64 million or 7.39%, closing at RM83.20 million compared with a revenue of RM89.84 million in the corresponding quarter of the previous year.

Current quarter's segmental profit from operations was RM8.83 million compared with a profit of RM15.27 million from operations in the same quarter of the previous years. The lower profit arose from price cutting implemented by MAS under its Recovery Plan as well as the concessions agreed with MAS under the settlement Agreement.

Food and Beverage

Performance of the F&B segment for this quarter was lower than the corresponding quarter in the previous year. Revenue for the current quarter was RM646,000 which was 26.92% or RM238,000 lower than the revenue of RM884,000 in corresponding quarter of the previous year. This resulted from the closure of two non-performing outlets during year 2014.

Current quarter's net loss position improved by RM99,000 to RM249,000 as compared to a loss of RM348,000 in the same quarter of 2014, arising from the implementation of a Turnaround Plan for this segment.

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 the logistics and related services segment continued to gain traction. It registered an increase of RM150,000 or a 9.04% improvement to RM1.81 million as compared to RM1.66 million in the corresponding quarter of the previous year. The warehouse occupancy rate continued to remain high.

Segmental profit decreased to RM223,000 compared with a corresponding quarter profit of RM263,000 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 increased from RM79.07 million to RM85.73 million in the first quarter of 2015.

The Group recorded profit before tax of RM5.51 million for the current quarter as compared to loss before tax of RM58.52 million in the immediate preceding quarter. The negative results in the immediate preceding quarter arose from a significant one-off write down of disputed amounts with MAS.

3. Current year prospects

In-Flight Catering and related services

The outlook for the In-Flight Catering segment is expected to be challenging despite the expected increase in passenger load in quarter two of year 2015. Revenue from in-flight catering and cabin handling services to Malaysia Airlines System Bhd (MAS) is expected to be consistent with the previous period. However, profit margins from these activities may be affected due to the implementation of the revised pricing under the new catering agreements, which are currently under the negotiation process. Revenue from foreign airlines however are expected to improve due to incoming new airline clients in 2015.

Food and Beverage

The performance of the F&B segment for the first quarter 2015 continues to remain in a loss position but is expected to be narrowed gradually in the coming quarters after implementation of its turnaround plan.

**Additional information required
by the Bursa Malaysia's Listing Requirements**

3. Prospects (Continued)

Logistics and related services

The logistics segment is expected to continue its stable business trend in its warehousing services and forwarding business and is contributing positively to the Group.

KLIA

Dewina Host had obtain the contract renewal extension approval effective July 2015 to June 2018. Minor refurbishment will be carry out for all respective outlets, namely Café Barbera, Burger King Satellite, Kopitime, Food Paradise and Burger King Main Terminal Building.

Under the extended tenancy period, KLIA requires new Food concept to attract more passengers to the airport F & B business, thus the team from Dewina Host is working on several traditional and "Unique Concept" as part of refreshing the brands and food varieties in KLIA.

KLIA 2

Dewina Host outlets are operational at KLIA 2 with "Hot Wok" opened in May 2015. The last outlet "Toast Box" is expected to be opened in quarter two 2015.

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		Cumulative Quarters	
	3 months ended		3 months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
-for the financial period	52	3,745	52	3,745
Deferred taxation				
-for the current financial period	-	150	-	150
Zakat	-	275	-	275
	<u>52</u>	<u>4,170</u>	<u>52</u>	<u>4,170</u>

The effective tax rate on the Group's profit before tax for the financial period ended 31 March 2015 arises from the consolidated effects. Current year, the statutory tax rate reduced from 25% to 24% from the immediate year of assessment.

**Additional information required
by the Bursa Malaysia's Listing Requirements**

6. Status of corporate proposal**Burger King Acquisition**

On 26 February 2015, Brahim's Holdings Berhad (BHB) had via a letter dated 26 February 2015, notified the Vendors, that as the approval of the shareholders of BHB, which is a condition precedent to the completion of the Proposed Acquisition, was not obtained at BHB's EGM held on 25 February 2015, Brahim's Trading Sdn Bhd is no longer in a position to carry on with the Proposed Acquisition and has therefore given notice to the Vendors of its intention to terminate the Share Sale Agreement forthwith.

Brahim's Airline Catering Sdn Bhd ("BAC")

On 26 February 2015, the Company's 70%-owned subsidiary, Brahim's Airline Catering Sdn Bhd ("BAC") has entered into a Settlement Agreement ("SA") with Malaysian Airline System Berhad ("MAS") as part of the MAS Recovery Plan announced by Khazanah Nasional Berhad on 29 August 2014. BAC is currently the exclusive in-flight caterer to MAS under a 25-years catering agreement expiring in 2028 ("Catering Agreement") in KLIA and Penang International Airport.

On 31 March 2015, the Company's 70%-owned subsidiary, Brahim's Airline Catering Sdn Bhd ("BAC") has entered into an Extension Agreement ("EA") with Malaysian Airline System Berhad ("MAS") to facilitate negotiations for a New Catering Agreement ("NCA") to be executed between the Parties. The parties have agreed to extend the NCA Cut Off date from 31 March 2015 to 30 April 2015 ("Extended Date"). The Parties agreed in good faith to use all reasonable best efforts to complete the negotiations for the NCA on or before the Extended Date.

On 8 May 2015, the Company's 70%-owned subsidiary, Brahim's Airline Catering Sdn Bhd ("BAC") has entered into a second Extension Agreement ("2nd EA") dated 8 May 2015 with Malaysian Airline System Berhad ("MAS") ("the Parties") to facilitate documentations of a New Catering Agreement ("NCA") to be executed between Malaysia Airlines Berhad [MAB] and BAC. The Parties have agreed to extend the NCA Cut-Off date from 30 April 2015 to 10 May 2015 ("2nd Extended Date" or "NCA Cut-Off date"). The Parties agreed in good faith to use all reasonable best efforts to conclude and sign, on or before the 2nd Extended Date also referred as NCA Cut-Off date, an NCA that is benchmarked against international standards and is based on industry best practices between MAB and BAC.

On 10 May 2015, the Company's 70%-owned subsidiary, Brahim's Airline Catering Sdn Bhd ("BAC") has on 10 May 2015 entered into New Catering Agreements (NCAs) with Malaysia Airlines Berhad ("MAB") as part of the MAS Recovery Plan announced by Khazanah Nasional Berhad on 29 August 2014.

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

7. Borrowings

	31.03.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)
a) Short term borrowings		
Secured		
- Term loans	18,466	18,466
- Hire purchase and lease payables	54	71
Unsecured		
- Former shareholder of BACH	10,022	10,022
	<u>28,542</u>	<u>28,559</u>
b) Long term borrowings		
Secured		
- Term loans	131,750	131,750
- Hire purchase and lease payables	51	51
	<u>131,801</u>	<u>131,801</u>
	<u>160,343</u>	<u>160,360</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.

9. Dividend

No dividend has been proposed in respect of the current financial year.

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

10. Earnings per share

		Individual Quarter		Cumulative Quarters	
		3 months ended		3 months ended	
		31.3.15	31.3.14	31.3.15	31.3.14
Basic earnings per share					
Profit attributable to ordinary equity holders of the parent company	(RM'000)	2,841	4,157	2,841	4,157
Weighted average number of ordinary shares in issue	('000)	236,285	227,932	236,285	227,932
Basic earnings per share	(Sen)	1.20	1.82	1.20	1.82

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.

11. Notes to the Statement of Comprehensive Income

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

	Current Quarter	Cumulative
	3-months ended	3-months ended
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Audit fee	77	77
Depreciation and amortisation	2,942	2,942
Directors' remuneration	540	540
Hire of equipment	5	5
Interest expense	2,431	2,431
Rental of buildings	5,849	5,849
Rental of lease land	7	7
Staff costs	21,173	21,173
Interest income	(84)	(84)
Rental income	(9)	(9)

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

12. Realised and Unrealised Profits/(Losses) Disclosures

The accumulated losses as at 31 March 2015 and 31 December 2014 were analysed as follows:-

	31.03.15 RM'000 (Unaudited)	31.12.14 RM'000 (Audited)
Total accumulated losses of the Company and its subsidiaries		
- Realised	54,132	49,435
- Unrealised	<u>(42,835)</u>	<u>(41,226)</u>
	11,297	8,209
Add: Consolidation Adjustments	<u>(30,144)</u>	<u>(29,897)</u>
Total group losses as per consolidated statements	<u>(18,847)</u>	<u>(21,688)</u>

13. Authorisation for Issue

The interim financial statement was duly approved by the Board of Directors at the board meeting held on 28 May 2015.