

Brahim's Holdings Berhad

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

Interim Financial Report 30 June 2017

Brahim's Holdings Berhad

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

Unaudited Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 30 June 2017

	Individual Quarter		Cumulative Quarters	
	3 months ended		6 months ended	
	30 June		30 June	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	69,539	61,474	140,875	121,925
Cost of Sales	(28,851)	(27,741)	(58,450)	(53,793)
Gross Profit	40,688	33,733	82,425	68,132
Other income	200	286	404	608
Administrative expenses	(38,100)	(36,337)	(76,366)	(71,797)
Other expenses	(2,048)	(1,925)	(4,331)	(3,211)
(Loss)/profit from operations	740	(4,243)	2,132	(6,268)
Finance costs	(1,757)	(2,020)	(3,498)	(4,288)
Share of results of jointly controlled entities	(10)	(289)	7	(528)
Loss before taxation	(1,027)	(6,552)	(1,359)	(11,084)
Income tax expense	(332)	(30)	(791)	(258)
Loss after taxation	(1,359)	(6,582)	(2,150)	(11,342)
(Loss)/profit attributable to:				
- Owners of the Company	(2,016)	(5,795)	(3,869)	(10,821)
- Non Controlling Interest	657	(787)	1,719	(521)
	(1,359)	(6,582)	(2,150)	(11,342)
Total comprehensive (loss)/income attributable to:-				
- Owners of the Company	(2,016)	(5,795)	(3,869)	(10,821)
- Non Controlling Interest	657	(787)	1,719	(521)
	(1,359)	(6,582)	(2,150)	(11,342)
Loss per share (sen) attributable to the owners of the Company				
Basic	(0.85)	(2.45)	(1.64)	(4.58)
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 2016.

Brahim's Holdings Berhad

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

Condensed Consolidated Statement Of Financial Position As At 30 June 2017

	As At 30.06.2017 RM'000 (Unaudited)	As At 31.12.2016 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	48,481	51,996
Investment in a Joint Venture	20,225	19,729
Intangible assets	4,248	4,248
Goodwill on consolidation	190,963	190,963
Deferred tax assets	11,196	11,764
	<u>275,113</u>	<u>278,700</u>
Current Assets		
Inventories	6,729	6,126
Trade receivables	44,729	45,593
Other receivables, deposits and prepayments	14,039	10,133
Tax recoverable	11,912	11,349
Amount owing by joint venture companies	56	43
Fixed deposits with a licensed bank	7,057	6,842
Cash and bank balances	16,419	23,301
	<u>100,941</u>	<u>103,387</u>
TOTAL ASSETS	<u>376,054</u>	<u>382,087</u>
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	236,285	236,285
Share premium	31,981	31,981
Accumulated losses	(166,386)	(162,517)
Shareholders' Equity	<u>101,880</u>	<u>105,749</u>
Non Controlling Interest	<u>141,492</u>	<u>139,773</u>
Total Equity	<u>243,372</u>	<u>245,522</u>
Non-Current Liabilities		
Long-term borrowings	<u>74,137</u>	<u>74,187</u>
	<u>74,137</u>	<u>74,187</u>
Current Liabilities		
Trade payables	33,277	29,133
Other payables and accruals	18,905	24,910
Short-term borrowings	4,858	5,868
Amount due to related company	-	867
Provision for taxation	287	65
Bank overdrafts	1,218	1,535
	<u>58,545</u>	<u>62,378</u>
Total Liabilities	<u>132,682</u>	<u>136,565</u>
TOTAL EQUITY AND LIABILITIES	<u>376,054</u>	<u>382,087</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

Brahim's Holdings Berhad

(Company No. 82731-A)
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Unaudited Condensed Consolidated Statement Of Changes In Equity For The Year Ended 30 June 2017

	< Non - Distributable >		< Distributable >		Non-Controlling Interest	Total
	Share Capital	Share Premium	Accumulated losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	236,285	31,981	(162,517)	105,749	139,773	245,522
Total comprehensive income	-	-	(3,869)	(3,869)	1,719	(2,150)
At 30 June 2017	<u>236,285</u>	<u>31,981</u>	<u>(166,386)</u>	<u>101,880</u>	<u>141,492</u>	<u>243,372</u>
At 1 January 2016	236,285	31,981	(37,367)	230,899	27,045	257,944
Transaction with non-controlling interests			(50,193)	(50,193)	160,193	110,000
Total comprehensive income	-	-	(74,957)	(74,957)	(47,465)	(122,422)
At 30 December 2016	<u>236,285</u>	<u>31,981</u>	<u>(162,517)</u>	<u>105,749</u>	<u>139,773</u>	<u>245,522</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 2016.

Brahim's Holdings Berhad

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Unaudited Condensed Consolidated Statement Of Cash Flows For The Financial Year Ended 30 June 2017

	6 months ended	
	As at 30.06.2017 (Unaudited) RM'000	As at 30.06.2016 (Audited) RM'000
Operating activities		
(Loss)/Profit before tax	(1,359)	(11,084)
Adjustment for:-		
Amortisation and depreciation	4,684	5,574
Interest expense	2,807	3,340
Interest income	(202)	(326)
Loss/(Gain) on disposal of property, plant and equipment	-	23
Share of results in joint ventures	(6)	528
Operating profit before working capital changes	5,924	(1,945)
(Increase)/Decrease in inventories	(603)	(151)
(Increase)/Decrease in receivables	(4,095)	3,960
Increase/(Decrease) in payables	(2,728)	(32,367)
Cash generated from/(used in) operations	(1,502)	(30,503)
Interest paid	(2,807)	(3,340)
Tax paid	-	(596)
Net cash generated from/(used to) operating activities	(4,309)	(34,439)
Investing activities		
Advances from/(Repayment to) a joint venture	(13)	18
Interest income	202	326
Withdrawal/(Placement) of deposits pledged with licensed banks	(273)	(5)
Proceeds from disposal of property, plant and equipment	-	4
Proceeds from divestment in a subsidiary	-	110,000
Purchase of plant and equipment	(1,169)	(1,430)
Net cash used in investing activities	(1,253)	108,913
Financing activities		
Repayment of bank borrowings	(1,000)	(62,750)
Repayment of lease and hire-purchase	(61)	(59)
Net cash (used to)/generated from financing activities	(1,061)	(62,809)
Net increase in cash and cash equivalents	(6,623)	11,665
Cash and cash equivalents at the beginning of financial year	21,982	10,196
Cash and cash equivalents at the end of financial period	15,359	21,861
Cash, bank balances and fixed deposits with licensed banks	23,476	25,119
Bank overdrafts	(1,218)	(1,755)
Deposits pledged to licensed banks	(6,899)	(1,503)
	15,359	21,861

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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 information 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 information should be read in conjunction with the annual financial report for the year ended 31 December 2016. 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.

The accounting policies and methods of computation adopted for the condensed consolidated interim financial information are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the following amendments to the MFRSs:-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 11, Accounting for Acquisitions of interests in Joint Operations

Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative

Amendments to MFRS 127 : Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and interpretations do not have any material impact on the condensed consolidated interim financial information 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 2016.

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 the 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.

8. Dividends paid

No dividend was paid during the current quarter ended 30 June 2017.

Brahim's Holdings Berhad

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Notes To The Interim Financial Report

9. Segmental reporting

	Individual Quarter 3 months ended 30 June		Cumulative Quarters 6 months ended 30 June	
	2017 RM '000 (Unaudited)	2016 RM '000 (Unaudited)	2017 RM '000 (Unaudited)	2016 RM '000 (Unaudited)
Segment Revenue				
Revenue from continuing operations:				
In-flight catering & related services	67,283	59,277	136,498	117,478
Logistics and related services	1,984	1,822	3,808	3,687
Trading	-	-	-	-
Food and beverage	186	305	396	614
Holding Company	86	70	173	146
Total revenue including inter-segment revenue	<u>69,539</u>	<u>61,474</u>	<u>140,875</u>	<u>121,925</u>
Holding Company	-	-	-	-
Total revenue from continuing	<u>69,539</u>	<u>61,474</u>	<u>140,875</u>	<u>121,925</u>
Segment results				
Results from continuing operations:				
In-flight catering & related services	1,498	(2,267)	3,808	(1,298)
Logistics and related services	290	262	385	523
Trading	(8)	(12)	(14)	(16)
Food and beverage	(234)	(315)	(495)	(618)
Sugar refinery	(37)	(20)	(44)	(25)
Holding Company	<u>(769)</u>	<u>(1,891)</u>	<u>(1,508)</u>	<u>(4,834)</u>
Operating (loss)/profits from continuing operations	740	(4,243)	2,132	(6,268)
Finance costs	(1,757)	(2,020)	(3,498)	(4,288)
Share of results from Joint Venture	<u>(10)</u>	<u>(289)</u>	<u>7</u>	<u>(528)</u>
(Loss)/Profit before taxation	<u>(1,027)</u>	<u>(6,552)</u>	<u>(1,359)</u>	<u>(11,084)</u>
Income tax expense	<u>(332)</u>	<u>(30)</u>	<u>(791)</u>	<u>(258)</u>
(Loss)/Profit after taxation	<u>(1,359)</u>	<u>(6,582)</u>	<u>(2,150)</u>	<u>(11,342)</u>

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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 was no material event subsequent to the end of the current quarter.

12. Changes in composition of the Group

There were no major changes in composition of the Group during the quarter under review.

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

	30.06.2017	31.12.2016
	RM'000	RM'000
Approved and contracted for :-		
Property, plant and equipment	967	88
Intangible assets	182	309
	<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.

	Individual Quarter 3 months ended 30 June		Cumulative Quarters 6 months ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Professional fee payable to a related party	-	390	-	605
Management fees received/receivable from a joint venture	(85)	(76)	(173)	(76)
	<hr/>	<hr/>	<hr/>	<hr/>

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Interim Financial Report 30 June 2017

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 the second quarter of 2017, the Group recorded a 13.1% increase in revenue to RM69.54 million compared with the corresponding period in 2016 of RM61.47 million.

The Group recorded a pre-tax loss of RM1.03 million in the current quarter as compared to a pre-tax loss of RM6.55 million in the corresponding quarter of the previous year. The losses reduced due improvement in revenue of the flight catering businesses.

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

In-flight catering and related services

The performance of in-flight catering and related revenue in the services continues to show improvement quarter on quarter and also when compared to the revenue in the corresponding year. Revenue for the current quarter increased by RM8.0 million or 13.50%, closing at RM67.28 million compared with a revenue of RM59.28 million in the previous quarter.

Current quarter segmental operating profit showed improvement at RM1.5 million compared with pre-tax loss of RM2.27 million in the same previous quarter.

Food and Beverage ("F&B")

Performance of the F&B segment for this financial period was lower than the corresponding period. Revenue for the current quarter was RM186,000 which was 39.0% or RM119,000 lower than the revenue of RM305,000 million of the corresponding quarter of the previous year.

Current quarter operating loss showed a lower loss of RM239,000 against the previous year quarter of RM315,000.

**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 remains challenging. It registered an improvement in revenue of 8.89%, or RM0.162 million higher to RM1.98 million as compared to RM1.82 million in the corresponding quarter. Whilst, the warehouse occupancy rate continued to remain stable, its operating costs have increased due to higher maintenance and upkeep.

Segmental results for the quarter was a profit of RM290,000 compared with the corresponding year's quarter profit of RM262,000.

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue reported an reduction from RM71.33 million to RM69.54 million in the second quarter of 2017.

The Group recorded a loss before tax of RM1.03 million for this quarter as compared to a loss before tax of RM0.332 million in the immediate preceding quarter.

3. Current year prospects

In-Flight Catering and related services

The Q3 2017 outlook for this division is expected to remain positive, in view of expected revenue improvement from non-airline catering sector. To manage its cost, management will continue with the cost saving initiatives which were implemented last year as part of its business plan.

Food and Beverage

The performance of the F&B segment continues to show operational losses but have shown signs of improvement.

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

3. Prospects (Continued)Logistics and related services

The logistics segment continues to maintain its business volume and is relooking into its operations to streamline its cost structure.

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		6 months ended	
	30 June		30 June	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-for the financial period	64	-	286	203
Deferred taxation	268	30	505	55
	<u>332</u>	<u>30</u>	<u>791</u>	<u>258</u>

The Group's effective tax rate is higher than statutory tax rate due to certain expenses being disallowed for tax purposes.

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

6. Status of corporate proposal

The Group is not engaged in any corporate proposal as at the date of this report.

7. Borrowings

	30.06.2017 RM'000	31.12.2016 RM'000
a) Short term borrowings		
Secured		
- Term loans	4,752	5,752
- Hire purchase and lease payables	106	116
	<u>4,858</u>	<u>5,868</u>
b) Long term borrowings		
Secured		
- Term loans	73,750	73,750
- Hire purchase and lease payables	387	437
	<u>74,137</u>	<u>74,187</u>
	<u>78,995</u>	<u>80,055</u>
The above borrowings are denominated in are as follows:-		
Ringgit Malaysia	75,243	76,303
United States Dollar	3,752	3,752
	<u>78,995</u>	<u>80,055</u>

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

8. Changes in material litigation

On 24 February 2017, further to the Company's announcement dated 15 June 2016, the Board of Directors of Brahim's Holdings Berhad ("BHB") announced that the High Court of Sabah and Sarawak at Kuching had delivered its judgement on 17 February 2017 in favour of the Plaintiff, Hock Seng Lee Berhad ("HSL"), with judgement sum of RM6.94 million and cost of RM6,000. Admuda Sdn. Bhd. ("Admuda"), the 60% subsidiary of BHB submitted an appeal to the Court of Appeal against the judgement of High Court of Sabah and Sarawak.

On 21 June 2017, Admuda has received a winding up petition dated 9 June 2017 filed by Messrs Tang & Partners, Advocates for HSL against Admuda at the High Court of Sabah and Sarawak at Kuching.

On 8 August 2017, HSL's solicitors, Messrs Tang & Partners obtained a new hearing date and the Hearing of the Petition is now fixed on 6 November 2017.

9. Dividend

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

10. (Loss)/Earnings per share

		Individual Quarter		Cumulative Quarters	
		3 months ended		period ended	
		30.06.17	30.06.16	30.06.17	30.06.16
Basic earnings per share					
Loss attributable to ordinary equity holders of the parent company	(RM'000)	(2,016)	(5,795)	(3,869)	(10,821)
Weighted average number of ordinary shares in issue	('000)	236,285	236,285	236,285	236,285
Basic loss per share	(Sen)	(0.85)	(2.45)	(1.64)	(4.58)

The calculation of basic loss per share for the respective periods is arrived at by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares issued during the financial period.

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

11. Notes to the Statement of Comprehensive Income

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

	6-months ended 30 June 2017 RM'000	6-months ended 30 June 2016 RM'000
Depreciation and amortisation	4,684	5,574
Interest expense	2,807	3,340
Loss/(gain) of disposal of property, plant and equipment	-	23
Loss/(Gain) on realised foreign exchange	64	(21)
Interest income	(202)	(326)

12. Realised and Unrealised Profits/(Losses) Disclosures

The accumulated losses were analysed as follows:-

	30.06.2017 RM'000	31.12.2016 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(88,484)	(256,526)
- Unrealised	11,195	11,595
	<u>(77,289)</u>	<u>(244,931)</u>
Add: Consolidation Adjustments	(89,097)	82,414
Total group losses as per consolidated statements	<u>(166,386)</u>	<u>(162,517)</u>

13. Authorisation for Issue

The interim financial information was duly approved by the Board of Directors on 29 August 2017.