

Brahim's Holdings Berhad

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

Interim Financial Report 30 September 2017

Brahim's Holdings Berhad

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

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

	Individual Quarter			Cumulative Quarters		
	3 months ended			9 months ended		
	30 September			30 September		
	2017	2016	Changes	2017	2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing Operations						
Revenue	76,784	71,947	7%	217,659	193,872	12%
Cost of Sales	(31,907)	(30,556)		(90,357)	(84,349)	
Gross Profit	44,877	41,391		127,302	109,523	
Other income	179	197		583	805	
Administrative expenses	(38,967)	(38,039)		(115,333)	(109,836)	
Other expenses	(2,179)	(2,416)		(6,510)	(5,627)	
Profit/(Loss) from operations	3,910	1,133	245%	6,042	(5,135)	218%
Finance costs	(1,723)	(1,728)		(5,221)	(6,016)	
Share of results of jointly controlled entities	289	124		296	(404)	
Profit/(Loss) before taxation	2,476	(471)	626%	1,117	(11,555)	110%
Income tax expense	(1,270)	(30)		(2,061)	(288)	
Profit/(Loss) after taxation	1,206	(501)	341%	(944)	(11,843)	92%
Profit/(Loss) attributable to:						
- Owners of the Company	(1,075)	(1,288)	17%	(4,944)	(12,109)	59%
- Non Controlling Interests	2,281	787	190%	4,000	266	1404%
	1,206	(501)	341%	(944)	(11,843)	92%
Total comprehensive Income/(loss) attributable to:-						
- Owners of the Company	(1,075)	(1,288)		(4,944)	(12,109)	
- Non Controlling Interests	2,281	787		4,000	266	
	1,206	(501)		(944)	(11,843)	
Loss per share (sen) attributable to the owners of the Company						
Basic	(0.45)	(0.55)		(2.09)	(5.12)	
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

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Condensed Consolidated Statement Of Financial Position As At 30 September 2017

	30.09.2017 RM'000 (Unaudited)	31.12.2016 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	47,440	51,996
Investment in a Joint Venture	19,515	19,729
Intangible assets	4,248	4,248
Goodwill on consolidation	190,963	190,963
Deferred tax assets	9,744	11,764
	<u>271,910</u>	<u>278,700</u>
Current Assets		
Inventories	6,032	6,126
Trade receivables	50,068	45,593
Other receivables, deposits and prepayments	18,052	10,133
Tax recoverable	12,221	11,349
Amount owing by joint venture companies	63	43
Fixed deposits with a licensed bank	7,058	6,842
Cash and bank balances	15,212	23,301
	<u>108,706</u>	<u>103,387</u>
TOTAL ASSETS	<u>380,616</u>	<u>382,087</u>
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	268,266	236,285
Share premium	-	31,981
Accumulated losses	(167,461)	(162,517)
Shareholders' Equity	<u>100,805</u>	<u>105,749</u>
Non Controlling Interests	143,773	139,773
Total Equity	<u>244,578</u>	<u>245,522</u>
Non-Current Liabilities		
Long-term borrowings	72,137	74,187
	<u>72,137</u>	<u>74,187</u>
Current Liabilities		
Trade payables	31,212	29,133
Other payables and accruals	24,707	24,910
Short-term borrowings	6,845	5,868
Amount due to related company	-	867
Provision for taxation	46	65
Bank overdrafts	1,091	1,535
	<u>63,901</u>	<u>62,378</u>
Total Liabilities	<u>136,038</u>	<u>136,565</u>
TOTAL EQUITY AND LIABILITIES	<u>380,616</u>	<u>382,087</u>
Net assets per share attributable to ordinary equity holders of the Company (Sen)	1.035	1.039

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

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Unaudited Condensed Consolidated Statement Of Changes In Equity For The Year Ended 30 September 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
Transition to no-par value	31,981	(31,981)				
Total comprehensive income	-	-	(4,944)	(4,944)	4,000	(944)
At 30 September 2017	<u>268,266</u>	<u>-</u>	<u>(167,461)</u>	<u>100,805</u>	<u>143,773</u>	<u>244,578</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 September 2017

	9 months ended	
	As at 30.09.2017 (Unaudited) RM'000	As at 30.09.2016 (Unaudited) RM'000
Operating activities		
(Loss)/Profit before tax	1,117	(11,555)
Adjustment for:-		
Amortisation and depreciation	6,618	8,124
Property, plant and equipment write off	178	-
Interest expense	4,221	4,394
Interest income	(261)	(442)
Loss/(Gain) on disposal of property, plant and equipment	-	23
Share of results in joint ventures	(296)	404
Dividends from JV	(490)	-
Operating profit before working capital changes	11,087	948
(Increase)/Decrease in inventories	94	1,077
(Increase)/Decrease in receivables	(12,371)	(1,235)
Increase/(Decrease) in payables	1,008	(24,962)
Cash generated from/(used in) operations	(182)	(24,172)
Interest paid	(4,221)	(4,394)
Tax paid	(953)	(953)
Net cash generated from/(used to) operating activities	(5,356)	(29,519)
Investing activities		
Advances from/(Repayment to) a joint venture	(20)	13
Interest income	261	442
Dividends from JV	1,000	510
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	(2,240)	(2,244)
Net cash used in investing activities	(1,272)	108,720
Financing activities		
Repayment of bank borrowings	(1,000)	(63,250)
Proceed from lease and hire-purchase	-	480
Repayment of lease and hire-purchase	(74)	(85)
Net cash (used to)/generated from financing activities	(1,074)	(62,855)
Net increase in cash and cash equivalents	(7,702)	16,346
Cash and cash equivalents at the beginning of financial year	21,982	10,196
Cash and cash equivalents at the end of financial period	14,280	26,542
Cash, bank balances and fixed deposits with licensed banks	22,270	29,698
Bank overdrafts	(1,091)	(1,653)
Deposits pledged to licensed banks	(6,899)	(1,503)
	14,280	26,542

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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 September 2017.

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		
	2017	2016	Changes	2017	2016	Changes
RM '000	RM '000		RM '000	RM '000		
(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%	
Segment Revenue						
Revenue from continuing operations:						
In-flight catering & related services	74,607	69,851	7%	211,105	187,329	13%
Logistics and related services	1,991	1,782	12%	5,799	5,469	6%
Trading	-	-		-	-	
Food and beverage	89	232	-62%	485	846	-43%
Holding Company	97	82	18%	270	228	18%
Total revenue from continuing operations	76,784	71,947	7%	217,659	193,872	12%
Segment results						
Results from continuing operations:						
In-flight catering & related services	4,943	3,119		8,751	1,821	
Logistics and related services	272	32		657	555	
Trading	(6)	(2)		(20)	(18)	
Food and beverage	(204)	(312)		(694)	(930)	
Sugar refinery	(54)	(57)		(98)	(82)	
Holding Company	(1,046)	(1,647)		(2,554)	(6,481)	
Operating (loss)/profits from continuing operations	3,905	1,133	245%	6,042	(5,135)	218%
Finance costs	(1,718)	(1,728)		(5,221)	(6,016)	
Share of results from Joint Venture	289	124		296	(404)	
(Loss)/Profit before taxation	2,476	(471)	626%	1,117	(11,555)	110%
Income tax expense	(1,270)	(30)		(2,061)	(288)	
(Loss)/Profit after taxation	1,206	(501)	341%	(944)	(11,843)	92%

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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

	30.09.2017	31.12.2016
	RM'000	RM'000
Approved and contracted for :-		
Property, plant and equipment	6,928	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		Cumulative Quarters	
	3 months ended		9 months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Professional fee payable to a related party	-	-	-	605
Management fees received/receivable from a joint venture	(97)	(82)	(270)	(229)
	<hr/>	<hr/>	<hr/>	<hr/>

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Interim Financial Report 30 September 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 third quarter of 2017, the Group recorded a 6.72% increase in revenue to RM76.78 million compared with the corresponding period in 2016 of RM71.95 million.

The Group recorded profit before tax of RM2.48 million in the current quarter as compared to a pre-tax loss of RM0.47 million in the corresponding quarter of the previous year. The profit arisen due to 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 RM4.76 million or 6.81%, closing at RM74.61 million compared with a revenue of RM69.85 million in the previous quarter.

Current quarter segmental operating profit showed improvement at RM4.94 million compared with profit of RM3.12 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 RM89,000 which was 61.64% or RM143,000 lower than the revenue of RM232,000 million of the corresponding quarter of the previous year.

Current quarter operating loss showed a lower loss of RM204,000 against the previous year quarter of RM312,000.

**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 11.73%, or RM209,000 higher to RM1.99 million as compared to RM1.78 million in the corresponding quarter. Whilst, the warehouse occupancy rate continued to remain stable.

Segmental results for the quarter was a profit of RM272,000 compared with the corresponding year's quarter profit of RM32,000.

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue reported an reduction from RM69.54 million to RM76.78 million in the third quarter of 2017.

The Group recorded profit before tax of RM2.476 million for this quarter as compared to a loss before tax of RM1.03 million in the immediate preceding quarter.

3. Current year prospects

In-Flight Catering and related services

The Q4 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 30 September		9 months ended 30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-for the financial period	1,452	-	1,956	203
Deferred taxation	(182)	30	105	55
	<u>1,270</u>	<u>30</u>	<u>2,061</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

	30.09.2017 RM'000	31.12.2016 RM'000
a) Short term borrowings		
Secured		
- Term loans	6,752	5,752
- Hire purchase and lease payables	93	116
	<u>6,845</u>	<u>5,868</u>
b) Long term borrowings		
Secured		
- Term loans	71,750	73,750
- Hire purchase and lease payables	387	437
	<u>72,137</u>	<u>74,187</u>
	<u>78,982</u>	<u>80,055</u>
The above borrowings are denominated in are as follows:-		
Ringgit Malaysia	75,230	76,303
United States Dollar	3,752	3,752
	<u>78,982</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. Earnings/(Loss) per share

		Individual Quarter		Cumulative Quarters	
		3 months ended		period ended	
		30.09.17	30.09.16	30.09.17	30.09.16
Basic earnings per share					
Loss attributable to ordinary equity holders of the parent company	(RM'000)	(1,075)	(1,288)	(4,944)	(12,109)
Weighted average number of ordinary shares in issue	('000)	236,285	236,285	236,285	236,285
Basic loss per share	(Sen)	(0.45)	(0.55)	(2.09)	(5.12)

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):-

	9-months ended 30 September 2017 RM'000	9-months ended 30 September 2016 RM'000
Depreciation and amortisation	6,618	8,124
Interest expense	4,221	4,394
Loss/(gain) of disposal of property, plant and equipment	-	23
Loss/(Gain) on realised foreign exchange	6	(121)
Interest income	(261)	(442)

12. Realised and Unrealised Profit/(Loss) Disclosures

The accumulated losses were analysed as follows:-

	30.09.2017 RM'000	31.12.2016 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(86,191)	(256,526)
- Unrealised	9,743	11,595
	<u>(76,448)</u>	<u>(244,931)</u>
Add: Consolidation Adjustments	(91,013)	82,414
Total group losses as per consolidated statements	<u>(167,461)</u>	<u>(162,517)</u>

13. Authorisation for Issue

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