

Brahim's Holdings Berhad

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

Interim Financial Report 31 December 2017

Brahim's Holdings Berhad

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

Unaudited Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 31 December 2017

	Individual Quarter			Cumulative Quarters		
	3 months ended			12 months ended		
	31 December			31 December		
	2017	2016	Changes	2017	2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing Operations						
Revenue	73,917	72,493	1.96%	291,576	266,364	9.47%
Cost of Sales	(69,110)	(62,525)		(159,467)	(145,933)	
Gross Profit	4,807	9,968		132,109	120,431	
Other income	690	1,029		1,273	981	
Administrative expenses	(266)	(5,916)		(115,599)	(115,661)	
Other expenses	(4,122)	(111,367)		(10,632)	(117,211)	
Profit/(Loss) from operations	1,109	(106,286)	101.04%	7,151	(111,460)	106.42%
Finance costs	(1,748)	(3,015)		(6,969)	(8,992)	
Share of results of joint venture	200	35		496	(368)	
(Loss)/Profit before taxation	(439)	(109,266)	99.60%	678	(120,820)	100.56%
Zakat	(383)	-		(383)	-	
Income tax expense	(402)	(1,314)		(2,463)	(1,602)	
Loss after taxation	(1,224)	(110,580)	98.89%	(2,168)	(122,422)	98.23%
(Loss)/Profit attributable to:						
- Owners of the Company	(1,993)	(62,849)	96.83%	(6,937)	(74,957)	90.75%
- Non Controlling Interests	769	(47,731)	101.61%	4,769	(47,465)	110.05%
	(1,224)	(110,580)	98.89%	(2,168)	(122,422)	98.23%
Total comprehensive (loss)/income attributable to:-						
- Owners of the Company	(1,993)	(62,849)		(6,937)	(74,957)	
- Non Controlling Interest	769	(47,731)		4,769	(47,465)	
	(1,224)	(110,580)		(2,168)	(122,422)	
Loss per share (sen) attributable to the owners of the Company						
Basic	(0.84)	(26.60)		(2.94)	(31.72)	
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 31 December 2017

	As At 31.12.2017 RM'000 (Unaudited)	As At 31.12.2016 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	49,712	51,996
Investment in a Joint Venture	18,525	19,729
Intangible assets	4,248	4,248
Goodwill on consolidation	190,963	190,963
Other Receivables	27	-
Deferred tax assets	9,743	11,764
	<u>273,218</u>	<u>278,700</u>
Current Assets		
Inventories	6,259	6,126
Trade receivables	50,883	45,593
Other receivables, deposits and prepayments	11,014	10,067
Tax recoverable	11,227	11,349
Amounts owing by related companies	48	66
Amount owing by joint venture	62	43
Fixed deposits with a licensed bank	7,270	6,842
Cash and bank balances	11,592	23,301
	<u>98,355</u>	<u>103,387</u>
	<u>371,573</u>	<u>382,087</u>
TOTAL ASSETS		
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	268,266	236,286
Share premium	-	31,980
Accumulated losses	(169,454)	(162,517)
	<u>98,812</u>	<u>105,749</u>
Shareholders' Equity	<u>98,812</u>	<u>105,749</u>
Non Controlling Interest	144,542	139,773
Total Equity	<u>243,354</u>	<u>245,522</u>
Non-Current Liabilities		
Trade payables	617	-
Long-term borrowings	68,106	74,187
	<u>68,723</u>	<u>74,187</u>
Current Liabilities		
Trade payables	25,637	29,133
Other payables and accruals	21,629	24,910
Short-term borrowings	9,718	5,868
Amount due to related company	869	867
Provision for taxation	265	65
Provision for zakat	402	-
Bank overdrafts	976	1,535
	<u>59,496</u>	<u>62,378</u>
Total Liabilities	<u>128,219</u>	<u>136,565</u>
TOTAL EQUITY AND LIABILITIES	<u>371,573</u>	<u>382,087</u>
Net assets per share attributable to ordinary equity holders of the Company (Sen)	0.42	0.45

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

Unaudited Condensed Consolidated Statement Of Changes In Equity For The Year Ended 31 December 2017

	Share Capital RM'000	Share Premium RM'000	Accumulated losses RM'000	Total RM'000	Non- Controlling Interest RM'000	Total 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 (loss)/profit	-	-	(6,937)	(6,937)	4,769	(2,168)
At 31 December 2017	268,266	-	(169,454)	98,812	144,542	243,354
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 loss	-	-	(74,957)	(74,957)	(47,465)	(122,422)
At 31 December 2016	236,285	31,981	(162,517)	105,749	139,773	245,522

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

(Company No. 82731-A)
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Unaudited Condensed Consolidated Statement Of Cash Flows For The Financial Year Ended 31 December 2017

	12 months ended	
	31.12.2017	31.12.2016
	(Unaudited)	(Audited)
	RM'000	RM'000
Operating activities		
Profit/(Loss) before tax	678	(120,820)
Adjustments for:-		
Impairment loss on receivables	856	4,347
Impairment loss on goodwill	-	91,600
Impairment loss on intangible assets	-	7,500
Impairment loss on property, plant and equipment	400	-
Amortisation and depreciation	7,973	10,479
Property, plant and equipment write off	38	-
Interest expense	6,969	8,992
Interest income	(389)	(590)
Allowance for stock obsolescence	33	98
Loss on disposal of property, plant and equipment	-	3
Provision for material litigation	-	6,900
Share of results in joint venture	(496)	368
Unrealised (gain)/loss on foreign exchange	(364)	169
Reversal of payables and accruals	-	(882)
Operating profit before working capital changes	15,698	8,164
(Increase)/decrease in inventories	(166)	843
(Increase)/decrease in receivables	(7,120)	(2,604)
Increase in intercompany balances	-	(116)
Decrease in payables	(6,153)	(6,807)
Cash generated from/(used in) operations	2,259	(520)
Interest paid	(6,718)	(8,992)
Tax (paid)/refund	(120)	617
Net cash used in operating activities	(4,579)	(8,895)
Investing activities		
Advances to a joint venture	-	(4)
Interest income	389	590
Dividend from joint venture	1,700	1,000
Placement of deposits pledged with licensed banks	(422)	(5,128)
Proceeds from disposal of property, plant and equipment	-	23
Purchase of plant and equipment	(6,127)	(3,657)
Net cash used in investing activities	(4,460)	(7,176)
Financing activities		
Repayment to related companies	-	(18,151)
Proceeds from disposal of interest in a subsidiary	-	110,000
Repayment of bank borrowings	(2,000)	(63,880)
Repayment of lease and hire-purchase	(105)	(112)
Net cash (used in)/generated from financing activities	(2,105)	27,857
Net (decrease)/increase in cash and cash equivalents	(11,144)	11,786
Cash and cash equivalents at the beginning of financial year	21,982	10,196
Cash and cash equivalents at the end of financial period	10,838	21,982
Cash, bank balances and fixed deposits with licensed banks	18,862	30,143
Bank overdrafts	(976)	(1,535)
Deposits pledged to licensed banks	(7,048)	(6,626)
	10,838	21,982

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 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 2016 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)

Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 'Disclosures of Interests in Other Entities'

Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"

Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"

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.

Brahim's Holdings Berhad

(Company No. 82731-A)
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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 31 December 2017.

Brahim's Holdings Berhad

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

Notes To The Interim Financial Report

9. Segmental reporting

	Individual Quarter 3 months ended 31 December			Cumulative Quarters 12 months ended 31 December		
	2017	2016	Changes	2017	2016	Changes
	RM '000 (Unaudited)	RM '000 (Unaudited)	%	RM '000 (Unaudited)	RM '000 (Audited)	%
Segment Revenue						
Revenue from continuing operations:						
In-flight catering & related services	71,868	70,442	2%	282,973	257,770	10%
Logistics and related services	1,900	1,806	5%	7,699	7,275	6%
Food and beverage	57	158	-64%	542	1,031	-47%
Holding company	92	87	6%	362	288	26%
Total revenue from continuing operations	73,917	72,493	2%	291,576	266,364	9%
Segment results						
Results from continuing operations:						
In-flight catering & related services	1,672	4,961		10,423	(83,991)	
Logistics and related services	120	(597)		744	(75)	
Food and beverage	(260)	(715)		(954)	(1,684)	
Holding Company	(423)	(109,935)		(3,062)	(25,710)	
Operating profit/(loss) from operations	1,109	(106,286)	101%	7,151	(111,460)	106%
Finance costs	(1,748)	(3,015)		(6,969)	(8,992)	
Share of results from joint venture	200	35		496	(368)	
(Loss)/Profit before taxation	(439)	(109,266)	100%	678	(120,820)	101%
Zakat	(383)	-		(383)	-	
Income tax expense	(402)	(1,314)		(2,463)	(1,602)	
Loss after taxation	(1,224)	(110,580)	99%	(2,168)	(122,422)	98%

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(Company No. 82731-A)
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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

	31.12.2017	31.12.2016
	RM'000	RM'000
Approved and contracted for :-		
Property, plant and equipment	6,322	88
Computer software	237	309
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(Company No. 82731-A)
(Incorporated in Malaysia)

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 31 December		Cumulative Quarters 12 months ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Professional fee payable to a related party	-	-	-	1,166
Management fees received/ receivable from a joint venture	92	87	362	315
Repayment of advances to a related party	-	-	-	17,272
Repayment of loan to a related party	-	-	-	500

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

Interim Financial Report 31 December 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 final quarter of 2017, the Group recorded a 1.97% increase in revenue to RM73.92 million compared with the corresponding period in 2016 of RM72.49 million.

The Group recorded a much improved and lower pre-tax loss of RM0.44 million in the current quarter as compared to a pre-tax loss of RM109.27 million in the corresponding quarter of the previous year.

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

In-flight catering and related services

The performance of in-flight catering and related services revenue have shown slight improvement compared to the revenue in the corresponding year quarter. Revenue for the current quarter increased by RM1.43 million or 2.03%, closing at RM71.87 million compared with a revenue of RM70.44 million in the same quarter last year. Quarter on quarter revenue however have adverse performance of which revenue has decreased by RM2.74 million or 3.67%, from RM74.61 million reported in Q3 2017.

On the other hand, current quarter segmental operating profit recorded lower amount at RM1.67 million as compared to RM4.96 million for the same quarter last year, different of 66.3%.

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 RM57,000 which was 64% or RM101,000 lower than the revenue of RM158,000 for the same quarter last year.

However, current quarter operating result showed a loss of RM260,000 against the loss from same quarter last year of RM715,000. This was mainly due to the recognition of unrealised foreign exchange gain of RM364,000 in the current quarter.

**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 5.20%, or RM94,000 higher to RM1.90 million as compared to RM1.81 million in the corresponding quarter last year. Whilst, the warehouse occupancy rate continued to remain stable.

Segmental results for the quarter was a profit of RM120,000 compared with the corresponding year's quarter loss of RM597,000.

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue reported a decrease from RM76.78 million to RM73.92 million in the final quarter of 2017.

The Group recorded a loss before tax of RM439,000 for this quarter as compared to a profit before tax of RM2.48 million in the immediate preceding quarter.

3. Current year prospects**In-Flight Catering and related services**

The Q1 2018 outlook for this division is expected to remain stable, in view of expected revenue generated from both airline and non-airline catering sector. The segment is actively pursuing catering services from other airports in Malaysia. As for cost saving measurement, the management will continue with the planned initiatives which were implemented last year.

Food and Beverage

With the discontinued operations of under-performing outlets and restaurants, the company is presently reviewing the market segment prospect.

**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 expanding business models and expanding 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		12 months ended	
	31 December		31 December	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-for the financial period	(1,516)	950	440	950
Deferred taxation	1,918	364	2,023	652
	<u>402</u>	<u>1,314</u>	<u>2,463</u>	<u>1,602</u>

The Group's effective tax rate is higher than statutory tax rate due to certain expenses being disallowed for tax purposes and deferred tax assets not recognised for some entities within the Group.

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

6. Status of corporate proposal

The Group is currently engaged in a private placement which will potentially increase the number of share capital by 23.63 million or 10% of the share capital. The transaction is yet to conclude and still at the stage of approval.

7. Borrowings

	31.12.2017 RM'000	31.12.2016 RM'000
a) Short term borrowings		
Secured		
- Term loans	9,626	5,752
- Hire purchase and lease payables	92	116
	<u>9,718</u>	<u>5,868</u>
b) Long term borrowings		
Secured		
- Term loans	67,750	73,750
- Hire purchase and lease payables	356	437
	<u>68,106</u>	<u>74,187</u>
	<u>77,824</u>	<u>80,055</u>
The above borrowings are denominated in the following currencies:-		
- Ringgit Malaysia	74,198	76,303
- United States Dollar	3,626	3,752
	<u>77,824</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. The appeal date has been fixed on 28 June 2018.

On 21 June 2017, Admuda 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 in Kuching.

On 8 August 2017, HSL's solicitors, Messrs Tang & Partners obtained a new hearing date and the Hearing of the Petition was fixed for 6 November 2017. The date has since been postponed to 19 March 2018 pending negotiation from both parties.

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. Loss per share

		Individual Quarter		Cumulative Quarters	
		3 months ended		12 months ended	
		31.12.17	31.12.16	31.12.17	31.12.16
Basic loss per share					
Loss attributable to ordinary equity holders of the company	(RM'000)	(1,993)	(62,849)	(6,937)	(74,957)
Weighted average number of ordinary shares in issue	('000)	236,286	236,286	236,286	236,286
Basic loss per share	(Sen)	(0.84)	(26.60)	(2.94)	(31.72)

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

There is no disclosure on diluted earnings per share as there were no potential ordinary shares outstanding at the end of the reporting period.

11. Notes to the Statement of Comprehensive Income

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

	12-months ended 31 December 2017 RM'000	12-months ended 31 December 2016 RM'000
Depreciation and amortisation	7,973	10,479
Interest expense	6,969	8,992
Loss of disposal of property, plant and equipment	-	3
Gain on realised foreign exchange	90	(29)
(Gain)/loss on unrealised foreign exchange	(364)	169
Interest income	(389)	(590)

12. Derivative

The company did not issue or enter and capitalise any gain or losses with regards to derivative issued or subscribed.

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

13. Authorisation for Issue

The interim financial information was duly approved by the Board of Directors on 28 February 2018.