

Brahim's Holdings Berhad

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

Interim Financial Report 30 June 2018

Brahim's Holdings Berhad

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

Unaudited Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 30 June 2018

	Individual Quarter			Cumulative Quarters		
	3 months ended			6 months ended		
	30 June			30 June		
	2018	2017	Changes	2018	2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing Operations						
Revenue	64,417	69,539	-7.37%	133,088	140,875	-5.53%
Cost of Sales	(27,338)	(28,851)		(56,426)	(58,450)	
Gross Profit	37,079	40,688		76,662	82,425	
Other income	147	200		350	404	
Administrative expenses	(39,577)	(38,100)		(79,344)	(76,366)	
Other expenses	(2,331)	(2,048)		(3,926)	(4,331)	
(Loss)/Profit from operations	(4,682)	740	732.70%	(6,258)	2,132	393.53%
Finance costs	(1,414)	(1,757)		(2,876)	(3,498)	
Share of results of jointly controlled entities						
	265	(10)		595	7	
(Loss) before taxation	(5,831)	(1,027)	-467.77%	(8,539)	(1,359)	-528.33%
Income tax expense	-	(332)		(24)	(791)	
(Loss) after taxation	(5,831)	(1,359)	-329.07%	(8,563)	(2,150)	-298.28%
(Loss)/Profit attributable to:						
- Owners of the Company	(3,161)	(2,016)	-56.80%	(5,310)	(3,869)	-37.24%
- Non Controlling Interests	(2,670)	657	506.39%	(3,253)	1,719	289.24%
	(5,831)	(1,359)	-329.07%	(8,563)	(2,150)	-298.28%
Total comprehensive (loss)/income attributable to:-						
- Owners of the Company	(3,161)	(2,016)		(5,310)	(3,869)	
- Non Controlling Interest	(2,670)	657		(3,253)	1,719	
	(5,831)	(1,359)		(8,563)	(2,150)	
Loss per share (RM) attributable to the owners of the Company						
Basic	(1.18)	(0.85)		(1.98)	(1.64)	
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 2017.

Brahim's Holdings Berhad

(Company No. 82731-A)
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Condensed Consolidated Statement Of Financial Position As At 30 June 2018

	As At 30.06.2018 RM'000 (Unaudited)	As At 31.12.2017 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	46,572	49,712
Investment in a Joint Venture	18,127	18,525
Intangible assets	4,259	4,248
Goodwill on consolidation	190,963	190,963
Trade and other receivables	-	90
Deferred tax assets	9,741	9,743
	<u>269,662</u>	<u>273,281</u>
Current Assets		
Inventories	5,994	6,259
Trade receivables	43,881	50,883
Other receivables, deposits and prepayments	15,754	10,952
Tax recoverable	11,205	10,962
Amount owing by related companies	71	48
Amount owing by joint venture companies	(421)	62
Fixed deposits with a licensed bank	1,921	7,270
Cash and bank balances	9,707	11,592
	<u>88,112</u>	<u>98,028</u>
TOTAL ASSETS	<u>357,774</u>	<u>371,309</u>
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	268,266	268,266
Share premium	-	-
Accumulated losses	(174,764)	(169,454)
Shareholders' Equity	<u>93,502</u>	<u>98,812</u>
Non Controlling Interest	141,289	144,542
Total Equity	<u>234,791</u>	<u>243,354</u>
Non-Current Liabilities		
Trade payables	617	617
Deferred tax liabilities	-	-
	<u>68,706</u>	<u>68,723</u>
Current Liabilities		
Trade payables	25,208	25,665
Other payables and accruals	20,678	21,622
Short-term borrowings	6,610	9,718
Amount due to related company	480	868
Provision for taxation	265	-
Provision for zakat	383	383
Bank overdrafts	653	976
	<u>54,277</u>	<u>59,232</u>
Total Liabilities	<u>122,983</u>	<u>127,955</u>
TOTAL EQUITY AND LIABILITIES	<u>357,774</u>	<u>371,309</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.35	0.37

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

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 2018

	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 2018	268,266	-	(169,454)	98,812	144,542	243,354
Transaction with non-controlling interests				-		-
Total comprehensive income	-	-	(5,310)	(5,310)	(3,253)	(8,563)
At 30 June 2018	268,266	-	(174,764)	93,502	141,289	234,791
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	-	-	(6,937)	(6,937)	4,769	(2,168)
At 31 December 2017	268,266	-	(169,454)	98,812	144,542	243,354

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

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 March 2018

	6 months ended	
	As at 31.06.2018 (Unaudited) RM'000	As at 31.06.2017 (Unaudited) RM'000
Operating activities		
Profit/(Loss) before tax	(8,539)	(1,359)
Adjustment for:-		
Amortisation and depreciation	3,417	4,684
Interest expense	2,876	2,807
Interest income	(468)	(202)
Share of results in joint ventures	(595)	(6)
Operating profit before working capital changes	(3,309)	5,924
(Increase)/Decrease in inventories	265	(603)
(Increase)/Decrease in receivables	3,282	(4,095)
Increase/(Decrease) in intercompany balances	(378)	-
Increase/(Decrease) in payables	(1,467)	(2,728)
Cash generated from/(used in) operations	(1,607)	(1,502)
Interest paid	(2,876)	(2,807)
Tax refund/(paid)	(24)	-
Net cash generated from/(used to) operating activities	(4,507)	(4,309)
Investing activities		
Advances from/(to) a joint venture	450	(13)
Interest income	468	202
Withdrawal/(Placement) of deposits pledged with licensed banks	5,203	(273)
Purchase of plant and equipment	(3,738)	(1,169)
Fixed Assets Adjustments and Reclassifications	3,471	-
Net cash used in investing activities	5,854	(1,253)
Financing activities		
Repayment of term loans	(3,000)	(1,000)
Repayment of lease and hire-purchase	(56)	(61)
Net cash (used to)/generated from financing activities	(3,056)	(1,061)
Net increase in cash and cash equivalents	(1,709)	(6,623)
Cash and cash equivalents at the beginning of financial year	10,838	21,982
Cash and cash equivalents at the end of financial period	9,129	15,359
Cash, bank balances and fixed deposits with licensed banks	11,627	23,476
Bank overdrafts	(653)	(1,218)
Deposits pledged to licensed banks	(1,845)	(6,899)
	9,129	15,359

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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 2017. 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 2017 except for the adoption of the following amendments to the MFRSs:-

MFRSs and IC Interpretations (Including The Consequential Amendments)

IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

MFRS 9 "Financial Instruments" will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 15 "Revenue from contracts with customers" replaces MFRS 118 "Revenue" and MFRS 111 "Construction contracts" and related interpretations.

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

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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 31December 2017.

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 30June 2018.

Brahim's Holdings Berhad

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Notes To The Interim Financial Report

9. Segmental reporting

	Individual Quarter 3 months ended			Cumulative Quarters 6 months ended		
	31 June			31 June		
	2018 RM '000 (Unaudited)	2017 RM '000 (Unaudited)	Changes %	2018 RM '000 (Unaudited)	2017 RM '000 (Unaudited)	Changes %
Segment Revenue						
Revenue from continuing operations:						
In-flight catering & related services	62,303	67,283	-7%	128,768	136,498	-6%
Logistics and related services	2,058	1,984	4%	4,119	3,808	8%
Trading	-	-		-	-	
Food and beverage	-	186	-100%	19	396	-95%
Holding Company	56	86	-35%	182	173	5%
Total revenue from continuing operations	64,417	69,539	-7%	133,088	140,875	-6%
Segment results						
Results from continuing						
In-flight catering & related services	(4,269)	1,498		(5,295)	3,808	
Logistics and related services	169	290		415	385	
Trading	(6)	(8)		(11)	(14)	
Food and beverage	(27)	(234)		(385)	(495)	
Sugar refinery	(5)	(37)		(10)	(44)	
Holding Company	(544)	(769)		(972)	(1,508)	
Operating (loss)/profits from	(4,682)	740	733%	(6,258)	2,132	394%
Finance costs	(1,414)	(1,757)		(2,876)	(3,498)	
Share of results from Joint Venture	265	(10)		595	7	
(Loss)/Profit before taxation	(5,831)	(1,027)	-468%	(8,539)	(1,359)	-528%
Income tax expense	-	(332)		(24)	(791)	
(Loss)/Profit after taxation	(5,831)	(1,359)	-329%	(8,563)	(2,150)	-298%

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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

	30.06.2018	31.12.2017
	RM'000	RM'000
Approved and contracted for :-		
Property, plant and equipment	401	6,322
Computer software	113	237
	<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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Management fees received/ receivable from a joint venture	56	85	182	173

16. 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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Interim Financial Report 30 June 2018

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 2018, the Group recorded a 7.37% decrease in revenue to RM64.42 million compared with the corresponding period in 2017 of RM69.54 million.

The Group recorded a pre-tax loss of RM5.83 million in the current quarter as compared to a pre-tax loss of RM1.03 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 revenue in the services continues to show decreasing trend quarter on quarter and also when compared to the revenue in the corresponding year. Revenue for the current quarter decreased by RM4.98 million or 7%, closing at RM62.3 million compared with a revenue of RM67.28 million in the same quarter last year.

Current quarter segmental operating profit recorded loss at negative RM4.27 million as compared to a profit of RM1.5 million for the same quarter last year, different of negative 385%.

Food and Beverage ("F&B")

There is no revenue for the current quarter due to discontinued operation. Currently, the management is still reviewing this market segment prospect to be undertaken in future.

The operating result showed significant improvement of a loss of RM27,000 against the loss from same quarter last year of RM234,000.

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 has been back on track. Its registered an improvement in revenue of 4%, or RM74,000 higher to RM2.06 million as compared to RM1.98 million in the corresponding quarter last year. Whilst, the warehouse occupancy rate continued to remain stable. Nevertheless, the management realise the potential of the business to grow even further.

Segmental results for the quarter was a profit of RM169,000 compared with the corresponding year's quarter of RM290,000.

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue reported a decrease from RM68.67 million to RM64.42 million, a drop of RM4.25 million at negative 6.19%.

The Group recorded a loss before tax of RM5.83 million for this quarter as compared to a loss before tax of RM2.71 million in the immediate preceding quarter.

3. Current year prospects

In-Flight Catering and related services

The Q3 2018 outlook for this segment is expected to be tough. Based on the data provided by Malaysia Airport Holding Berhad (MAHB), passenger traffic continue to be consistent with the previous quarter and expected to continue the same through out the whole year. Nevertheless, with top management changes, new directions and business strategies will be set and execute accordingly which will then resulted in a recovery of this business segment. Non airline business will be streamline and rationalize as to reflect its significant to this segment.

Food and Beverage

The company is still reviewing the market segment prospect. A series of discussions have been done to determine the suitable business module as well as the appropriate business location.

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

3. Current year prospects (Continued)**Logistics and related services**

The logistics segment continues to be consistent and maintaining its performance. Nonetheless, this segment is still looking into expanding business models by promoting other related and support businesses and expanding its operations by acquiring new customers and businesses. Apart from that, the segment also will continue to streamline its variable cost.

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 30June		Cumulative Quarters 6 months ended 30June	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax:				
-for the financial period	(157)	64	(157)	286
Deferred taxation	181	268	181	505
	<u>24</u>	<u>332</u>	<u>24</u>	<u>791</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 not engaged in any corporate proposal as at the date of this report.

7. Borrowings

	30.06.2018 RM'000	31.12.2017 RM'000
a) Short term borrowings		
Secured		
- Term loans	6,557	9,626
- Hire purchase and lease payables	53	92
	<u>6,610</u>	<u>9,718</u>
b) Long term borrowings		
Secured		
- Term loans	67,750	67,750
- Hire purchase and lease payables	339	356
	<u>68,089</u>	<u>68,106</u>
	<u>74,699</u>	<u>77,824</u>
The above borrowings are denominated in the following currencies:-		
- Ringgit Malaysia	71,073	74,198
- United StatesDollar	3,626	3,626
	<u>74,699</u>	<u>77,824</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 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 28 June 2018.

Series of discussion to make the settlement out of court has been undertaken and still ongoing. On 31 July 2018, the multipartite settlement agreement has been shared with Messrs Tang & Partners and awaiting for their reconciliation and agreement.

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		6 months ended	
		30.06.18	30.06.17	30.06.18	30.06.17
Basic loss per share					
Loss attributable to ordinary equity holders of the company	(RM'000)	(3,161)	(2,016)	(5,310)	(3,869)
Weighted average number of ordinary shares in issue	('000)	268,266	268,266	268,266	268,266
Basic loss per share	(Sen)	(1.18)	(0.85)	(1.98)	(1.64)

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):-

	6-months ended	6-months ended
	30June 2018	30June 2017
	RM'000	RM'000
Depreciation and amortisation	3,417	4,684
Interest expense	2,876	2,807
(Loss) on realised foreign exchange	-	(64)
Interest income	(468)	(202)

12. Authorisation for Issue

The interim financial information was duly approved by the Board of Directors on 29Aug 2018.