

Brahim's Holdings Berhad

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

Interim Financial Report 30 September 2018

Brahim's Holdings Berhad

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

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

	Individual Quarter			Cumulative Quarters		
	3 months ended			9 months ended		
	30 September			30 September		
	2018	2017	Changes	2018	2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing Operations						
Revenue	70,734	76,784	-7.88%	203,822	217,659	-6.36%
Cost of Sales	(30,254)	(31,907)		(86,680)	(90,357)	
Gross Profit	40,480	44,877		117,142	127,302	
Other income	158	179		508	583	
Administrative expenses	(41,360)	(38,967)		(120,704)	(115,333)	
Other expenses	(7,141)	(2,179)		(11,067)	(6,510)	
(Loss)/Profit from operations	(7,863)	3,910	301.10%	(14,121)	6,042	333.71%
Finance costs	(1,540)	(1,723)		(4,416)	(5,221)	
Share of results of jointly controlled entities	402	289		997	296	
(Loss)/Profit before taxation	(9,001)	2,476	463.53%	(17,540)	1,117	1670.28%
Income tax expense	-	(1,270)		(24)	(2,061)	
(Loss)/Profit after taxation	(9,001)	1,206	846.35%	(17,564)	(944)	-1760.59%
(Loss)/Profit attributable to:						
- Owners of the Company	(4,034)	(1,075)	-275.26%	(9,344)	(4,944)	-89.00%
- Non Controlling Interests	(4,967)	2,281	317.76%	(8,220)	4,000	305.50%
	(9,001)	1,206	846.35%	(17,564)	(944)	-1760.59%
Total comprehensive (loss)/income attributable to:-						
- Owners of the Company	(4,034)	(1,075)		(9,344)	(4,944)	
- Non Controlling Interest	(4,967)	2,281		(8,220)	4,000	
	(9,001)	1,206		(17,564)	(944)	
Loss per share (RM) attributable to the owners of the Company						
Basic	(1.50)	(0.40)		(3.48)	(1.84)	
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 September 2018

	As At 30.09.2018 RM'000 (Unaudited)	As At 31.12.2017 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	46,884	49,712
Investment in a Joint Venture	18,529	18,525
Intangible assets	5,345	4,248
Goodwill on consolidation	190,963	190,963
Trade and other receivables	-	90
Deferred tax assets	9,741	9,743
	<u>271,462</u>	<u>273,281</u>
Current Assets		
Inventories	6,018	6,259
Trade receivables	48,638	50,883
Other receivables, deposits and prepayments	14,369	10,952
Tax recoverable	11,206	10,962
Amount owing by related companies	32	48
Amount owing by joint venture companies	(422)	62
Fixed deposits with a licensed bank	1,921	7,270
Cash and bank balances	3,921	11,592
	<u>85,683</u>	<u>98,028</u>
TOTAL ASSETS	<u>357,145</u>	<u>371,309</u>
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	268,266	268,266
Accumulated losses	(178,798)	(169,454)
Shareholders' Equity	<u>89,468</u>	<u>98,812</u>
Non Controlling Interest	136,322	144,542
Total Equity	<u>225,790</u>	<u>243,354</u>
Non-Current Liabilities		
Trade payables	617	617
Provision for Contigent Liabilities	5,000	-
Long-term borrowings	61,589	68,106
	<u>67,206</u>	<u>68,723</u>
Current Liabilities		
Trade payables	26,717	25,665
Other payables and accruals	21,347	21,622
Short-term borrowings	14,515	9,718
Amount due to related company	423	868
Provision for taxation	265	-
Provision for zakat	383	383
Bank overdrafts	499	976
	<u>64,149</u>	<u>59,232</u>
Total Liabilities	<u>131,355</u>	<u>127,955</u>
TOTAL EQUITY AND LIABILITIES	<u>357,145</u>	<u>371,309</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.33	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.

Unaudited Condensed Consolidated Statement Of Changes In Equity For The Year Ended 30 September 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	-	-	(9,344)	(9,344)	(8,220)	(17,564)
At 30 September 2018	268,266	-	(178,798)	89,468	136,322	225,790
At 1 January 2017	236,285	31,981	-	162,517	105,749	139,773
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.

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Unaudited Condensed Consolidated Statement Of Cash Flows For The Financial Year Ended 30 September 2018

	9 months ended	
	As at 30.09.2018 (Unaudited) RM'000	As at 30.09.2017 (Unaudited) RM'000
Operating activities		
Profit/(Loss) before tax	(17,540)	1,117
Adjustment for:-		
Amortisation and depreciation	5,119	6,618
Provision for contingent liability	5,000	-
Property, plant and equipment write off	-	178
Interest expense	4,416	4,221
Interest income	(708)	(261)
Loss/(Gain) on disposal of property, plant and equipment	8	-
Share of results in joint ventures	(997)	(296)
Dividends from JV	-	(490)
Operating profit before working capital changes	(4,702)	11,087
(Increase)/Decrease in inventories	241	94
(Increase)/Decrease in receivables	(67)	(12,371)
Increase/(Decrease) in intercompany balances	(395)	-
Increase/(Decrease) in payables	777	1,008
Cash generated from/(used in) operations	(4,146)	(182)
Interest paid	(3,068)	(4,221)
Tax refund/(paid)	(24)	(953)
Net cash generated from/(used to) operating activities	(7,238)	(5,356)
Investing activities		
Advances from/(to) a joint venture	450	(20)
Interest income	708	261
Dividends from JV	-	1,000
Withdrawal/(Placement) of deposits pledged with licensed banks	5,203	(273)
Purchase of plant and equipment	(6,900)	(2,240)
Fixed Assets Adjustments and Reclassifications	3,504	-
Net cash used in investing activities	2,965	(1,272)
Financing activities		
Repayment of term loans	(3,000)	(1,000)
Repayment of lease and hire-purchase	(68)	(74)
Net cash (used to)/generated from financing activities	(3,068)	(1,074)
Net increase in cash and cash equivalents	(7,341)	(7,702)
Cash and cash equivalents at the beginning of financial year	10,838	21,982
Cash and cash equivalents at the end of financial period	3,497	14,280
Cash, bank balances and fixed deposits with licensed banks	5,841	22,270
Bank overdrafts	(499)	(1,091)
Deposits pledged to licensed banks	(1,845)	(6,899)
	3,497	14,280

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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.

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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 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 30 September 2018.

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Notes To The Interim Financial Report

9. Segmental reporting

	Individual Quarter 3 months ended 30 September			Cumulative Quarters 9 months ended 30 September		
	2018	2017	Changes	2018	2017	Changes
	RM '000 (Unaudited)	RM '000 (Unaudited)	%	RM '000 (Unaudited)	RM '000 (Unaudited)	%
Segment Revenue						
Revenue from continuing operations:						
In-flight catering & related services	68,479	74,607	-8%	197,247	211,105	-7%
Logistics and related services	2,160	1,991	8%	6,279	5,799	8%
Trading	-	-		-	-	
Food and beverage	-	89	-100%	19	485	-96%
Holding Company	95	97	-2%	277	270	3%
Total revenue from continuing operations	70,734	76,784	-8%	203,822	217,659	-6%
Segment results						
Results from continuing						
In-flight catering & related	(7,831)	4,943		(13,126)	8,751	
Logistics and related services	435	272		850	657	
Trading	(5)	(6)		(16)	(20)	
Food and beverage	(26)	(204)		(411)	(694)	
Sugar refinery	(5)	(54)		(15)	(98)	
Holding Company	(431)	(1,046)		(1,403)	(2,554)	
Operating (loss)/profits from	(7,863)	3,905	301%	(14,121)	6,042	334%
Finance costs	(1,540)	(1,718)		(4,416)	(5,221)	
Share of results from Joint Venture	402	289		997	296	
(Loss)/Profit before taxation	(9,001)	2,476	464%	(17,540)	1,117	1670%
Income tax expense	-	(1,270)		(24)	(2,061)	
(Loss)/Profit after taxation	(9,001)	1,206	846%	(17,564)	(944)	-1761%

Brahim's Holdings Berhad

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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 are RM5 million provision for contingent liabilities made during the quarter under review.

14. Capital Commitments

	30.09.2018	31.12.2017
	RM'000	RM'000
Approved and contracted for :-		
Property, plant and equipment	1,088	6,322
Computer software	21	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		Cumulative Quarters	
	3 months ended		9 months ended	
	30 September		30 September	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Management fees received/ receivable from a joint venture	95	97	277	270

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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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 2018, the Group recorded a 7.88% decrease in revenue to RM70.73 million compared with the corresponding period in 2017 of RM76.78 million.

The Group recorded a pre-tax loss of RM9 million in the current quarter as compared to a pre-tax profit of RM2.48 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 RM6.13 million or 8%, closing at RM68.48 million compared with a revenue of RM74.61 million in the same quarter last year.

Current quarter segmental operating profit recorded loss at negative RM7.83 million as compared to a profit of RM4.94 million for the same quarter last year, different of negative 258%.

Food and Beverage ("F&B")

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

The operation result showed significant improvement of loss of RM26,000 against the loss from same quarter last year of RM204,000.

**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 8%, or RM169,000 higher to RM2.16 million as compared to RM1.99 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 futher.

Segmental results for the quarter was a profit of RM435,000 increase by 60% compared with the corresponding year's quarter of RM272,000.

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue reported a increase from RM64.42 million to RM70.73 million, an increase of RM6.31 million at positive 9.8%.

The Group recorded a loss before tax of RM9.00 million for this quarter as compared to a loss before tax of RM5.83 million in the immediate preceding quarter.

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

Q4 of 2018 for the division is expected to be promising as the passanger traffic expected to increase based on the yearly trend of school holiday. On top of that, the segment is also negotiating one major client agreement for a renewal term which high likely will end up in revision in price.

This segment has measured the performance on monthly basis and forecasting to end the year with significant deficit from 2018 Budget and more room for improvement compared to 2017 year.

Food and Beverage

Whilst the management is still reviewing the market segment and business prospect, the company should be classified as dormant.

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

3. Prospects (Continued)Logistics and related services

The logistics segment continues within the trend of its business volume while looking into expanding business models and expanding its operations as to rationalised the cost structure. New customers and businesses continue to be the main agenda for this segment.

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		9 months ended	
	30 September		30 September	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-for the financial period	183	1,452	(2)	1,956
Deferred taxation	(183)	(182)	26	105
	<u>-</u>	<u>1,270</u>	<u>24</u>	<u>2,061</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

	30.09.2018 RM'000	31.12.2017 RM'000
a) Short term borrowings		
Secured		
- Term loans	14,474	9,626
- Hire purchase and lease payables	41	92
	<u>14,515</u>	<u>9,718</u>
b) Long term borrowings		
Secured		
- Term loans	61,250	67,750
- Hire purchase and lease payables	339	356
	<u>61,589</u>	<u>68,106</u>
	<u>76,104</u>	<u>77,824</u>
The above borrowings are denominated in the following currencies:-		
- Ringgit Malaysia	72,478	74,198
- United States Dollar	3,626	3,626
	<u>76,104</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.

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		9 months ended	
		30.09.18	30.09.17	30.09.18	30.09.17
Basic loss per share					
Loss attributable to ordinary equity holders of the company	(RM'000)	(4,034)	(1,075)	(9,344)	(4,944)
Weighted average number of ordinary shares in issue	('000)	268,266	268,266	268,266	268,266
Basic loss per share	(Sen)	(1.50)	(0.40)	(3.48)	(1.84)

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):-

	9-months ended 30 September 2018 RM'000	9-months ended 30 September 2017 RM'000
Depreciation and amortisation	5,119	6,618
Interest expense	4,416	4,221
(Loss) on realised foreign exchange	-	6
Interest income	(708)	(261)

12. Authorisation for Issue

The interim financial information was duly approved by the Board of Directors on 27 September 2018.