

Brahim's Holdings Berhad

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

Interim Financial Report 30 September 2019

Brahim's Holdings Berhad

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

Unaudited Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 30 September 2019

	Individual Quarter			Cumulative Quarters		
	3 months ended			9 months ended		
	30 Sept			30 Sept		
	2019	2018	Changes	2019	2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing Operations						
Revenue	80,498	70,734	13.80%	224,797	203,822	10.29%
Cost of Sales	(34,447)	(30,254)		(93,366)	(86,680)	
Gross Profit	46,051	40,480		131,431	117,142	
Other income	2,519	158		3,208	508	
Administrative expenses	(41,664)	(41,360)		(123,636)	(120,704)	
Other expenses	(2,593)	(7,141)		(7,806)	(11,067)	
Profit/(Loss) from operations	4,313	(7,863)	154.85%	3,197	(14,121)	122.64%
Finance costs	(1,428)	(1,540)		(4,257)	(4,416)	
Share of results of jointly controlled entities	341	402		922	997	
Profit/(Loss) before taxation	3,226	(9,001)	135.84%	(138)	(17,540)	99.21%
Income tax expense	(745)	-		(1,018)	(24)	
Profit/(Loss) after taxation	2,481	(9,001)	127.56%	(1,156)	(17,564)	93.42%
Profit/(Loss) attributable to:						
- Owners of the Company	1,804	(4,034)	144.72%	(1,607)	(9,344)	82.80%
- Non Controlling Interests	677	(4,967)	113.63%	451	(8,220)	105.49%
	2,481	(9,001)	127.56%	(1,156)	(17,564)	93.42%
Total comprehensive income/(loss) attributable to:-						
- Owners of the Company	1,804	(4,034)		(1,607)	(9,344)	
- Non Controlling Interest	677	(4,967)		451	(8,220)	
	2,481	(9,001)		(1,156)	(17,564)	
profit/(Loss) per share (RM) attributable to the owners of the Company						
Basic	0.67	(1.50)		(0.60)	(3.48)	
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 2018.

Brahim's Holdings Berhad

(Company No. 82731-A)
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Condensed Consolidated Statement Of Financial Position As At 30 September 2019

	As At 30.09.2019 RM'000 (Unaudited)	As At 31.12.2018 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	53,208	54,525
Investment in a Joint Venture	20,883	19,961
Goodwill on consolidation	102,354	102,354
Deferred tax assets	15,010	14,896
	<u>192,266</u>	<u>191,736</u>
Current Assets		
Inventories	7,168	7,451
Trade receivables	68,318	46,158
Other receivables, deposits and prepayments	14,550	10,529
Tax recoverable	3,002	10,938
Amount owing by related companies	90	55
Amount owing by joint venture companies	28	34
Fixed deposits with a licensed bank	1,875	2,106
Cash and bank balances	12,167	12,578
	<u>107,198</u>	<u>89,849</u>
	<u>299,464</u>	<u>281,585</u>
TOTAL ASSETS		
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	268,266	268,266
Accumulated losses	(277,553)	(275,946)
Shareholders' Equity	<u>(9,287)</u>	<u>(7,680)</u>
Non Controlling Interest	132,846	132,395
Total Equity	<u>123,559</u>	<u>124,715</u>
Non-Current Liabilities		
Provision for Contingent Liabilities	6,000	6,000
Long-term borrowings	273	4,409
	<u>6,273</u>	<u>10,409</u>
Current Liabilities		
Trade payables	49,976	32,151
Other payables and accruals	33,585	32,908
Short-term borrowings	76,924	73,070
Amount due to related company	866	866
Amount owing to joint venture companies	450	450
Advances from a Director	6,189	6,046
Provision for taxation	1,005	-
Provision for zakat	383	383
Bank overdrafts	254	587
	<u>169,632</u>	<u>146,461</u>
Total Liabilities	<u>175,905</u>	<u>156,870</u>
TOTAL EQUITY AND LIABILITIES	<u>299,464</u>	<u>281,585</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	(0.04)	(0.03)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

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 September 2019

	Share Capital	Accumulated	Total	Non-Controlling	Total		
	RM'000	losses	RM'000	Interest	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2019	268,266	-	275,946	(7,680)	132,395	124,715	
Transaction with non-controlling interests				-		-	
Total comprehensive loss	-	-	1,607	(1,607)	451	(1,156)	
At 30 September 2019	268,266	-	277,553	(9,287)	132,846	123,559	
<hr/>							
At 1 January 2018							
- as previously stated	268,266	-	169,454	98,812	144,542	243,354	
- impact from adoption of MFRS 9	-	-	1,493	(1,493)	(1,153)	(2,646)	
- as restated	268,266	-	170,947	97,319	143,389	240,708	
Total comprehensive loss	-	-	104,999	(104,999)	(10,994)	(115,993)	
At 31 December 2018	268,266	-	275,946	-	7,680	132,395	124,715

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

Brahim's Holdings Berhad

(Company No. 82731-A)
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Unaudited Condensed Consolidated Statement Of Cash Flows For The Financial Year Ended 30 September 2019

	As at 30.09.2019 (Unaudited) RM'000	As at 30.09.2018 (Unaudited) RM'000
Operating activities		
Profit/(Loss) before tax	(138)	(17,540)
Adjustment for:-		
Amortisation and depreciation	6,445	5,119
Provision for contingent liability	-	5,000
Interest expense	4,218	4,416
Interest income	(296)	(708)
Tax Expense	990	-
Loss/(Gain) on disposal of property, plant and equipment	-	8
Share of results in joint ventures	(922)	(997)
Operating profit before working capital changes	10,297	(4,702)
(Increase)/Decrease in inventories	283	241
(Increase)/Decrease in receivables	(28,205)	(67)
Increase/(Decrease) in intercompany balances	114	(395)
Increase/(Decrease) in payables	18,448	777
Cash generated from/(used in) operations	937	(4,146)
Interest paid	(342)	(3,068)
Tax refund/(paid)	6,986	(24)
Net cash generated from/(used to) operating activities	7,581	(7,238)
Investing activities		
Advances from/(to) a joint venture	-	450
Interest income	296	708
Dividends from JV	2,040	-
Withdrawal/(Placement) of deposits pledged with licensed banks	(600)	5,203
Purchase of plant and equipment	(5,939)	(3,396)
Net cash used in investing activities	(4,203)	2,965
Financing activities		
Repayment of term loans	-	(3,000)
Repayment of lease and hire-purchase	(4,158)	(68)
Net cash (used to)/generated from financing activities	(4,158)	(3,068)
Net increase in cash and cash equivalents	(780)	(7,341)
Cash and cash equivalents at the beginning of financial year	12,217	10,838
Cash and cash equivalents at the end of financial period	11,437	3,497
Cash, bank balances and fixed deposits with licensed banks	14,042	5,841
Bank overdrafts	(254)	(499)
Deposits pledged to licensed banks	(2,351)	(1,845)
	11,437	3,497

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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 2018. 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 accounting policies and methods of computation adopted for the condensed interim financial information are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2018 except for the adoption of the following with effect from 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatment
Amendments to MFRS 128	Long-term Interest, in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to MFRSs	2015 - 2017 Cycle

The initial application of the above does not have any material impact to the financial results of the Group for the current period and prior periods, other than as disclosed below:

MFRS 16: Leases

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group and the Company currently assessing all of the Group's leasing arrangements in light of the new lease accounting rules in MFRS 16. The standard will affect primarily the accounting for the Group's operating leases, which comprise mainly the operating leases for land and building. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Brahim's Holdings Berhad

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

Notes To The Interim Financial Report

2. Changes in Accounting Policies (continued)

MFRS and amendments to MFRSs and IC Interpretations that are applicable to the Group but not yet effective

The Malaysian Accounting Standards Board had issued the following new standards, amendments to MFRSs and IC Interpretation which are effective for the financial period beginning on or after 1 January 2020. The Group did not early adopt these new standards, amendments to MFRSs and IC Interpretation.

The Conceptual Framework for Financial Reporting (Revised 2018)

Effective date yet to be determined

Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS128	Investments in Associates and Joint Ventures – sale or contribution of assets between an investor and its associate/joint ventures

3. Auditors' Report

There was no qualification on the audited financial statements for the financial year ended 31 December 2018.

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 quarter.

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Notes To The Interim Financial Report

7. Segmental reporting

	Individual Quarter 3 months ended 30 September			Cumulative Quarters 9 months ended 30 September		
	2019	2018	Changes	2019	2018	Changes
	RM '000 (Unaudited)	RM '000 (Unaudited)	%	RM '000 (Unaudited)	RM '000 (Unaudited)	%
Segment Revenue						
Revenue from continuing operations:						
In-flight catering & related services	78,537	68,479	15%	218,899	197,247	11%
Logistics and related services	1,866	2,160	-14%	5,619	6,279	-11%
Food and beverage	-	-	0%	-	19	-100%
Holding Company	95	95	0%	279	277	1%
Total revenue from continuing operations	80,498	70,734	14%	224,797	203,822	10%
Segment results						
Results from continuing operations:						
In-flight catering & related services	3,091	(7,831)	139%	2,830	(13,126)	
Logistics and related services	136	435	-69%	253	850	
Trading	(6)	(5)	-28%	(24)	(16)	
Food and beverage	(9)	(26)	67%	(40)	(411)	
Sugar refinery	(10)	(5)	-102%	(26)	(15)	
Holding Company	1,111	(431)	358%	204	(1,403)	
Operating (loss)/profits from continuing operations	4,313	(7,863)	155%	3,197	(14,121)	123%
Finance costs	(1,429)	(1,540)		(4,258)	(4,416)	
Share of results from Joint Venture	341	402		922	997	
(Loss)/Profit before taxation	3,225	(9,001)	136%	(139)	(17,540)	99%
Income tax expense	(745)	-		(1,018)	(24)	
(Loss)/Profit after taxation	2,481	(9,001)	128%	(1,156)	(17,564)	93%

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Notes To The Interim Financial Report

8. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current financial year.

9. Dividends paid

No dividend was paid during the current quarter ended 30 June 2019.

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

There 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

	30.09.2019 RM'000	31.12.2018 RM'000
Approved and contracted for :-		
Property, plant and equipment	380	611
Computer software	-	21
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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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Management fees received/ receivable from a joint venture	95	95	279	277

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 September 2019

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 2019, the Group recorded a 13.80% increase in revenue to RM80.5 million compared with the corresponding period in 2018 of RM70.73 million.

The Group recorded a much improved and gained pre-tax profit of RM3.23 million in the current quarter as compared to a pre-tax loss of RM9 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 show increasing trend when compared to the revenue in the corresponding year. Revenue for the current quarter increased by RM10.06 million or 15%, closing at RM78.54 million compared with a revenue of RM68.48 million in the same quarter last year.

This segment recorded an operating profit of RM3.09 million as compared to a loss of RM7.83 million for the same quarter last year, a increase by 139%.

Logistics and related services

Current quarter's revenue contributed by the logistics and related services segment remains challenging and has been slightly slipped from its track. Its registered a downturn in revenue of 14%, or RM294,000 lower to RM1.87 million as compared to RM2.16 million in the corresponding quarter last year. The warehouse occupancy rate continued to remain stable. Nevertheless, management realise the potential for this business to grow even further.

Segmental results for the quarter was a profit of RM136,000, an decrease by 69% compared with the corresponding quarter in last year of RM435,000.

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

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue reported an increase from RM74.05 million to RM78.54 million, an increase of RM4.49 million or 6.06%.

The Group recorded a profit before tax of RM3.23 million for this quarter as compared to a loss before tax of RM0.88 million in the immediate preceding quarter.

3. Current year prospects

In-Flight Catering and related services

With a tough year of 2018, slow recovery is expected from this segment with only marginal profit to be recognised by the end of 2019.

The Q4 2019 outlook for the in-flight catering division is expected to be positive and growth mainly due to the improvement in flights and meals supply to the airline. The number of meals has shown the trend to grow for both Malaysia Airline and FOCA. To manage the rising cost, management will continue cost saving initiatives that has been implemented since previous years.

Logistics and related services

The logistics segment continues to maintain its business volume and contribute positively to the group's financial position. This segment looking into expending business models and expending its operations, to streamline the cost structure become positive. This segment will continue the effort to acquire new customers and businesses to increase the revenue stream.

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.

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

5. Taxation

	Individual Quarter		Cumulative Quarters	
	3 months ended		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-for the financial period/year	745	(183)	904	(2)
Deferred taxation	-	(183)	114	26
	<u>745</u>	<u>-</u>	<u>1,018</u>	<u>24</u>

The Group's effective tax rate is lower than statutory tax rate due to certain expenses being disallowed for tax purposes and deferred tax assets recognised for some entities within the Group.

6. Status of corporate proposal

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

7. Borrowings

	30.09.2019	31.12.2018
	RM'000	RM'000
a) Short term borrowings		
Secured		
- Term loans	75,321	6,557
- Hire purchase and lease payables	1,603	53
	<u>76,924</u>	<u>6,610</u>
b) Long term borrowings		
Secured		
- Term loans	-	67,750
- Hire purchase and lease payables	273	339
	<u>273</u>	<u>68,089</u>
	<u>77,197</u>	<u>74,699</u>
The above borrowings are denominated in the following currencies:-		
- Ringgit Malaysia	73,502	71,073
- United States Dollar	3,695	3,626
	<u>77,197</u>	<u>74,699</u>

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

8. Changes in material litigation

No new update since last reporting date.

9. Dividend

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

10. Earning/(Loss) per share

		Individual Quarter		Cumulative Quarters	
		3 months ended		9 months ended	
		30.09.19	30.09.18	30.09.19	30.09.18
Basic earning/(loss) per share					
Earning/(Loss) attributable to owners of the company	(RM'000)	1,804	(4,034)	(1,607)	(9,344)
Weighted average number of ordinary shares in issue	('000)	268,266	268,266	268,266	268,266
Basic earning/(loss) per share	(Sen)	0.67	(1.50)	(0.60)	(3.48)

The calculation of basic earning/(loss) per share for the respective periods is arrived at by dividing the earning/(loss) attributable owners of the Company by the weighted average number of ordinary shares issued during the financial period/year.

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

11. Authorisation for Issue

The interim financial information was duly approved by the Board of Directors on 28 November 2019.