

Brahim's Holdings Berhad

(Company No. 198201002985 [82731-A])
(Incorporated in Malaysia)

Interim Financial Report 31 December 2019

Brahim's Holdings Berhad

(Company No. 198201002985 [82731-A])

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 31 December 2019

	Individual Quarter			Cumulative Quarters		
	3 months ended			12 months ended		
	31-Dec			31-Dec		
	2019	2018	Changes	2019	2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing Operations						
Revenue	83,905	70,219	19.49%	308,702	274,271	12.55%
Cost of Sales	<u>(35,992)</u>	<u>(68,676)</u>		<u>(129,358)</u>	<u>(155,356)</u>	
Gross Profit	47,913	1,543		179,344	118,915	
Other income	1,615	286		4,823	794	
Administrative expenses	(39,381)	(4,506)		(163,017)	(122,441)	
Other expenses	<u>(13,267)</u>	<u>(99,863)</u>		<u>(21,073)</u>	<u>(113,937)</u>	
(Loss)/Profit from operations	(3,120)	(102,540)	96.96%	77	(116,669)	100.07%
Finance costs	(3,837)	(1,496)		(8,094)	(5,912)	
Share of results of jointly controlled entities	<u>(2,144)</u>	<u>439</u>		<u>(1,222)</u>	<u>1,436</u>	
(Loss) before taxation	(9,101)	(103,597)	91.21%	(9,239)	(121,145)	92.37%
Income tax expense	(4,286)	5,112		(5,304)	5,152	
Zakat	<u>(182)</u>	<u>-</u>		<u>(182)</u>	<u>-</u>	
(Loss) after taxation	<u>(13,569)</u>	<u>(98,485)</u>	86.22%	<u>(14,725)</u>	<u>(115,993)</u>	87.31%
(Loss)/Profit attributable to:						
- Owners of the Company	(16,218)	(93,791)	82.71%	(16,403)	(104,999)	84.38%
- Non Controlling Interests	<u>2,649</u>	<u>(4,694)</u>	-156.43%	<u>1,678</u>	<u>(10,994)</u>	-115.26%
	<u>(13,569)</u>	<u>(98,485)</u>	86.22%	<u>(14,725)</u>	<u>(115,993)</u>	87.31%
Total comprehensive (loss)/income attributable to:-						
- Owners of the Company	(16,218)	(93,791)		(16,403)	(104,999)	
- Non Controlling Interest	<u>2,649</u>	<u>(4,694)</u>		<u>1,678</u>	<u>(10,994)</u>	
	<u>(13,569)</u>	<u>(98,485)</u>		<u>(14,725)</u>	<u>(115,993)</u>	
Loss per share (RM) attributable to the owners of the Company						
Basic	(6.05)	(34.96)		(6.11)	(39.14)	
Diluted	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>	

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

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Condensed Consolidated Statement Of Financial Position As At 31 December 2019

	As At 31.12.2019 RM'000 (Unaudited)	As At 31.12.2018 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	66,082	54,525
Investment in a Joint Venture	-	19,961
Goodwill on consolidation	102,354	102,354
Deferred tax assets	9,783	14,896
	<u>177,418</u>	<u>191,736</u>
Current Assets		
Inventories	8,096	7,451
Trade receivables	56,601	46,158
Other receivables, deposits and prepayments	9,456	10,529
Tax recoverable	3,059	10,938
Amount owing by related companies	90	55
Amount owing by joint venture companies	-	34
Fixed deposits with a licensed bank	11,585	2,106
Cash and bank balances	33,000	12,578
	<u>121,887</u>	<u>89,849</u>
	<u>299,305</u>	<u>281,585</u>
TOTAL ASSETS		
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	268,266	268,266
Accumulated losses	(293,091)	(275,946)
Shareholders' Equity	<u>(24,825)</u>	<u>(7,680)</u>
Non Controlling Interest	134,815	132,395
Total Equity	<u>109,990</u>	<u>124,715</u>
Non-Current Liabilities		
Provision for Contingent Liabilities	6,000	6,000
Long-term borrowings	4,138	4,409
	<u>10,138</u>	<u>10,409</u>
Current Liabilities		
Trade payables	45,065	32,151
Other payables and accruals	32,684	32,908
Short-term borrowings	93,628	73,070
Amount due to related company	866	866
Amount owing by joint venture companies	-	450
Advances from a Director	6,188	6,046
Provision for taxation	187	-
Provision for zakat	564	383
Bank overdrafts	(5)	587
	<u>179,177</u>	<u>146,461</u>
Total Liabilities	<u>189,315</u>	<u>156,870</u>
TOTAL EQUITY AND LIABILITIES	<u>299,305</u>	<u>281,585</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	(0.09)	(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

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Unaudited Condensed Consolidated Statement Of Changes In Equity For The Year Ended 31 December 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	-	-	17,145	(17,145)	2,420	(14,725)
At 31 December 2019	268,266	-	293,091	(24,825)	134,815	109,990
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

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Unaudited Condensed Consolidated Statement Of Cash Flows For The Financial Year Ended 31 December 2019

	12 months ended	
	As at 31.12.2019 (Unaudited) RM'000	As at 31.12.2018 (Unaudited) RM'000
Operating activities		
Profit/(Loss) before tax	(9,239)	(121,145)
Adjustment for:-		
Impairment losses on:		
- investment in a joint venture	8,563	-
- goodwill	-	88,609
- intangible asset	-	4,248
- trade and other receivables	-	2,587
- property, plant and equipment	-	140
Allowance for stock obsolescence	-	(221)
Inventories written off	-	279
Amortisation and depreciation	29,427	6,884
Provision for contingent liability	-	6,000
Property, plant and equipment write off	-	1,057
Interest expense	5,710	5,912
Interest income	(296)	(155)
Tax Expense	2,129	-
Allowance for doubtful debts	(11)	-
Loss/(Gain) on disposal of property, plant and equipment	-	(47)
Share of results in joint ventures	1,221	(1,436)
Unrealised loss/(profit) on foreign exchange	-	69
Operating profit before working capital changes	37,504	(7,219)
(Increase)/Decrease in inventories	(645)	(1,250)
(Increase)/Decrease in receivables	(10,575)	5
Increase/(Decrease) in intercompany balances	(309)	(9)
Increase/(Decrease) in payables	11,164	17,142
Cash generated from/(used in) operations	37,139	8,669
Interest paid	(447)	(5,899)
Tax refund/(paid)	7,826	23
Net cash generated from/(used to) operating activities	44,518	2,793
Investing activities		
Repayment from/(advance to) a joint venture	-	28
Interest income	296	155
Dividends from JV	2,190	-
Withdrawal/(Placement) of deposits pledged with licensed banks	(5)	5,168
Proceeds from disposal of interest in joint venture	7,987	-
Proceeds from disposal of property, plant and equipment	-	59
Purchase of plant and equipment	(39,522)	(6,806)
Net cash used in investing activities	(29,054)	(1,396)
Financing activities		
Repayment of term loans	-	(6,000)
Repayment of lease and hire-purchase	15,024	(514)
Advance from a Director	-	6,046
Advance from a joint venture	-	450
Net cash (used to)/generated from financing activities	15,024	(18)
Net increase in cash and cash equivalents	30,488	1,379
Cash and cash equivalents at the beginning of financial year	12,217	10,838
Cash and cash equivalents at the end of financial period	42,705	12,217
Cash, bank balances and fixed deposits with licensed banks	44,585	14,684
Bank overdrafts	5	(587)
Deposits pledged to licensed banks	(1,885)	(1,880)
	42,705	12,217

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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).

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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			Cumulative Quarters		
	3 months ended			12 months ended		
	31 December			31 December		
	2019	2018	Changes	2019	2018	Changes
	RM '000	RM '000		RM '000	RM '000	
	(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%
Segment Revenue						
Revenue from continuing operations:						
In-flight catering & related services	81,787	68,027	20%	300,686	265,274	13%
Logistics and related services	2,092	2,108	-1%	7,711	8,387	-8%
Holding Company	26	91	-71%	305	368	-17%
Total revenue from continuing operations	<u>83,905</u>	<u>70,219</u>	19%	<u>308,702</u>	<u>274,041</u>	13%
Segment results						
Results from continuing operations:						
In-flight catering & related services	7,681	(6,098)	226%	10,511	(19,224)	
Logistics and related services	490	427	15%	743	1,261	
Trading	(10)	(5)	-91%	(34)	(16)	
Food and beverage	6	(2,733)	100%	(34)	(3,159)	
Sugar refinery	(2)	(5)	57%	(28)	(15)	
Holding Company	<u>(11,286)</u>	<u>(94,136)</u>	88%	<u>(11,082)</u>	<u>(95,539)</u>	
Operating (loss)/profits from continuing operations	(3,120)	(102,550)	97%	77	(116,692)	100%
Finance costs	(3,836)	(1,496)		(8,094)	(5,912)	
Share of results from Joint Venture	(2,143)	439		(1,221)	1,436	
(Loss)/Profit before taxation	<u>(9,100)</u>	<u>(103,607)</u>	91%	<u>(9,239)</u>	<u>(121,168)</u>	92%
Income tax (expense)/credit	(4,286)	5,112		(5,304)	5,152	
Zakat	<u>(182)</u>	<u>-</u>		<u>(182)</u>	<u>-</u>	
(Loss)/Profit after taxation	<u>(13,567)</u>	<u>(98,495)</u>	86%	<u>(14,724)</u>	<u>(116,016)</u>	87%

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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 31 December 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

	31.12.2019 RM'000	31.12.2018 RM'000
Approved and contracted for :-		
Property, plant and equipment	216	611
Computer software	151	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		12 months ended	
	31 December		31 December	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Management fees received/ receivable from a joint venture	26	91	305	368

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 31 December 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 final quarter of 2019, the Group recorded a 19.49% increase in revenue to RM83.91 million compared with the corresponding period in 2018 of RM70.22 million.

The Group recorded a much improved on pre-tax loss of RM9.1 million in the current quarter as compared to a pre-tax loss of RM103.6 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 RM13.76 million or 20%, closing at RM81.79 million compared with a revenue of RM68.03 million in the same quarter last year.

This segment recorded an operating profit of RM7.68 million as compared to a loss of RM6.10 million for the same quarter last year, a increase by 226%.

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 1%, or RM16,000 lower to RM2.092 million as compared to RM2.108 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 RM490,000, an increase by 15% compared with the corresponding quarter in last year of RM427,000.

**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 RM80.50 million to RM83.91 million, an increase of RM3.41 million or 4.24%.

The Group recorded a loss before tax of RM9.1 million for this quarter as compared to a profit before tax of RM3.23 million in the immediate preceding quarter.

3. Current year prospects

In-Flight Catering and related services

First month of 2020 i.e. January 2020 has shown an upward trend in term of revenue and profitability. Nevertheless, the Corona Virus or Covid-19 which hit the world in early to mid February have changed the landscape of the market entirely especially aviation and hospitality industries.

In-Flight catering division is expected to record a loss in Quarter 1 2020 as due to this Covid-19 implication. Most of the airlines, especially those which fly to and from China, had either cancelled their flights, downgrade the aircraft type as well as suffer from lower number of pax load.

It is expected for the aviation and hospitality industries to be able to recover in Quarter 3 2020.

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 3 months ended 31 December		Cumulative Quarters 12 months ended 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax: -for the financial period/year	316	4	(50)	1
Deferred taxation	3,970	(5,116)	5,354	(5,153)
	<u>4,286</u>	<u>(5,112)</u>	<u>5,304</u>	<u>(5,152)</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

	31.12.2019 RM'000	31.12.2018 RM'000
a) Short term borrowings		
Secured		
- Term loans	76,708	71,445
- Hire purchase and lease payables	16,920	1,625
	<u>93,628</u>	<u>73,070</u>
b) Long term borrowings		
Secured		
- Term loans	-	-
- Hire purchase and lease payables	4,138	4,409
	<u>4,138</u>	<u>4,409</u>
	<u>97,766</u>	<u>77,479</u>
The above borrowings are denominated in the following currencies:-		
- Ringgit Malaysia	94,112	73,784
- United States Dollar	3,654	3,695
	<u>97,766</u>	<u>77,479</u>

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Appendix II

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		12 months ended	
		31.12.19	31.12.18	31.12.19	31.12.18
Basic earning/(loss) per share					
Earning/(Loss) attributable to owners of the company	(RM'000)	(16,218)	(93,791)	(16,403)	(104,999)
Weighted average number of ordinary shares in issue	('000)	268,266	268,266	268,266	268,266
Basic (loss) per share	(Sen)	(6.05)	(34.96)	(6.11)	(39.14)

The calculation of basic (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 February 2020.