

Brahim's Holdings Berhad

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

Interim Financial Report 30 June 2016

Brahim's Holdings Berhad

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

Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 30 June 2016

	Individual Quarter		Cumulative Quarters	
	3 months ended 30 June		6 months ended 30 June	
	2016 RM'000 (Unaudited)	2015 RM'000 (Unaudited)	2016 RM'000 (Unaudited)	2015 RM'000 (Unaudited)
Continuing Operations				
Revenue	61,474	67,087	121,925	152,813
Cost of Sales	(27,741)	(32,868)	(53,793)	(68,757)
Gross Profit	33,733	34,219	68,132	84,056
Other income	286	204	608	470
Administrative expenses	(36,337)	(38,690)	(71,797)	(78,995)
Other expenses	(1,925)	(1,202)	(3,211)	(2,773)
(Loss)/Profit from operations	(4,243)	(5,469)	(6,268)	2,758
Finance costs	(2,020)	(2,541)	(4,288)	(4,978)
Share of results of jointly controlled entities	(289)	(188)	(528)	(467)
(Loss)/Profit before taxation	(6,552)	(8,198)	(11,084)	(2,687)
Income tax expense	(30)	(100)	(258)	(152)
(Loss)/Profit after taxation	(6,582)	(8,298)	(11,342)	(2,839)
(Loss)/Profit attributable to:				
- Owners of the Company	(5,795)	(6,813)	(10,821)	(3,972)
- Non Controlling Interest	(787)	(1,485)	(521)	1,133
	(6,582)	(8,298)	(11,342)	(2,839)
Total comprehensive income attributable to:-				
- Owners of the Company	(5,795)	(6,813)	(10,821)	(3,972)
- Non Controlling Interest	(787)	(1,485)	(521)	1,133
	(6,582)	(8,298)	(11,342)	(2,839)
(Loss)/Earnings per share (sen) attributable to the owners of the Company				
Basic	(2.45)	(2.88)	(4.58)	(1.68)
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 2015.

Brahim's Holdings Berhad

(Company No. 82731-A)
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Condensed Consolidated Statement Of Financial Position As At 30 June 2016

	As At 30.06.2016 RM'000 (Unaudited)	As At 31.12.2015 RM'000 (Audited)
ASSETS		
Non Current Assets		
Property, plant and equipment	54,193	58,364
Investment in a Joint Venture	20,569	21,097
Intangible assets	-	-
Goodwill on consolidation	294,311	294,311
Deferred tax assets	12,363	12,417
	<u>381,436</u>	<u>386,189</u>
Current Assets		
Inventories	7,218	7,066
Trade receivables	37,305	45,249
Other receivables, deposits and prepayments	42,519	12,155
Tax recoverable	11,253	12,916
Amount owing by joint venture companies	21	39
Fixed deposits with a licensed bank	16,505	1,707
Cash and bank balances	8,614	12,084
	<u>123,435</u>	<u>91,216</u>
TOTAL ASSETS	<u>504,871</u>	<u>477,405</u>
EQUITY & LIABILITIES		
Equity attributable to equity holders		
Share capital	236,285	236,285
Share premium	31,981	31,981
Accumulated losses	(74,259)	(37,368)
Shareholders' Equity	<u>194,007</u>	<u>230,898</u>
Non Controlling Interest	186,717	27,045
Total Equity	<u>380,724</u>	<u>257,943</u>
Non-Current Liabilities		
Long-term borrowings	76,784	116,349
Deferred tax liabilities	1	1
	<u>76,785</u>	<u>116,350</u>
Current Liabilities		
Trade payables	24,068	33,667
Other payables and accruals	16,361	40,065
Short-term borrowings	4,910	27,218
Provision for taxation	268	65
Bank overdrafts	1,755	2,097
	<u>47,362</u>	<u>103,112</u>
Total Liabilities	<u>124,147</u>	<u>219,462</u>
TOTAL EQUITY AND LIABILITIES	<u>504,871</u>	<u>477,405</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.

Brahim's Holdings Berhad

(Company No. 82731-A)
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Condensed Consolidated Statement Of Changes In Equity For The Year Ended 30 June 2016

	< Non - Distributable >		< Distributable >		Non- Controlling Interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Retained profits RM'000	Total RM'000		
At 1 January 2016	236,285	31,981	(37,368)	230,898	27,045	257,943
(Dilution)/accretion in share of total net assets			(26,070)	(26,070)	160,193	134,123
Total comprehensive income	-	-	(10,821)	(10,821)	(521)	(11,342)
At 30 June 2016	<u>236,285</u>	<u>31,981</u>	<u>(74,259)</u>	<u>194,007</u>	<u>186,717</u>	<u>380,724</u>
At 1 January 2015	236,285	31,981	(21,688)	246,578	26,783	273,361
Total comprehensive income	-	-	(3,972)	(3,972)	1,133	(2,839)
At 30 June 2015	<u>236,285</u>	<u>31,981</u>	<u>(25,660)</u>	<u>242,606</u>	<u>27,916</u>	<u>270,522</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.

Brahim's Holdings Berhad

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Condensed Consolidated Statement Of Cash Flows For The Financial Year Ended 30 June 2016

	6 months ended	
	As at 30.06.2016 (Unaudited) RM'000	As at 30.06.2015 (Unaudited) RM'000
Operating activities		
(Loss)/Profit before tax	(11,084)	(2,687)
Adjustment for:-		
Amortisation and depreciation	5,574	7,702
Interest expense	3,340	4,944
Interest income	(326)	(155)
Loss/(Gain) on disposal of property, plant and equipment	23	-
Share of results in joint ventures	528	467
Operating profit before working capital changes	(1,945)	10,271
(Increase)/Decrease in inventories	(151)	131
(Increase)/Decrease in receivables	3,960	38,858
Increase/(Decrease) in payables	(32,367)	(8,677)
Cash generated from/(used in) operations	(30,503)	40,583
Interest paid	(3,340)	(4,944)
Tax paid	(596)	(6,938)
Net cash generated from/(used to) operating activities	(34,439)	28,701
Investing activities		
Investment in JV	-	(51)
Advances from/(Repayment to) a joint venture	18	16
Interest income	326	155
Dividends from JV	-	51
Withdrawal/(Placement) of deposits pledged with licensed banks	(5)	(1,497)
Proceeds from disposal of property, plant and equipment	4	-
Proceeds from divestment in a subsidiary	110,000	-
Purchase of plant and equipment	(1,430)	-
Purchase of intangibles assets	-	-
Purchase of property, plant and equipment and intangibles assets	-	(9,048)
Net cash used in investing activities	108,913	(10,374)
Financing activities		
Dividend paid to non-controlling interest	-	(5,308)
Repayment of bank borrowings	(62,750)	(7,750)
Proceed from lease and hire-purchase	-	130
Repayment of lease and hire-purchase	(59)	(38)
Net cash (used to)/generated from financing activities	(62,809)	(12,966)
Net increase in cash and cash equivalents	11,665	5,361
Cash and cash equivalents at the beginning of financial year	10,196	17,550
Cash and cash equivalents at the end of financial period	21,861	22,911
Cash, bank balances and fixed deposits with licensed banks	25,119	26,765
Bank overdrafts	(1,755)	(2,357)
Deposits pledged to licensed banks	(1,503)	(1,497)
	21,861	22,911

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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 statements 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 statements should be read in conjunction with the annual financial report for the year ended 31 December 2015. 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 1965 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 11, Accounting for Acquisitions of interests in Joint Operations

Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127 (2011) : Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and interpretations is expected to have no material impact on the financial statements to 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 2015.

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 to date.

8. Dividends paid

No dividend was paid during the current quarter ended 30 June 2016.

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Notes To The Interim Financial Report

9. Segmental reporting

	Individual Quarter 3 months ended 30 June		Cumulative Quarters 6 months ended 30 June	
	2016 RM '000 (Unaudited)	2015 RM '000 (Unaudited)	2016 RM '000 (Unaudited)	2015 RM '000 (Unaudited)
Segment Revenue				
Revenue from continuing operations:				
In-flight catering & related services	59,277	64,385	117,478	147,586
Logistics and related services	1,822	1,870	3,687	3,682
Trading	-	1	-	5
Food and beverage	305	597	614	1,243
Holding Company	70	234	146	297
Total revenue including inter-segment revenue	61,474	67,087	121,925	152,813
Elimination of inter-segment revenue	-	-	-	-
Total revenue from continuing operations	61,474	67,087	121,925	152,813
Segment results				
Results from continuing operations:				
In-flight catering & related services	(2,267)	(4,981)	(1,298)	3,845
Logistics and related services	262	364	523	587
Trading	(12)	(5)	(16)	(14)
Food and beverage	(315)	(201)	(618)	(450)
Sugar refinery	(20)	(145)	(25)	(224)
Holding Company	(1,891)	(501)	(4,834)	(986)
Operating (loss)/profits from continuing operations	(4,243)	(5,469)	(6,268)	2,758
Finance costs	(2,020)	(2,541)	(4,288)	(4,978)
Share of results from Joint Venture	(289)	(188)	(528)	(467)
(Loss)/Profit before taxation	(6,552)	(8,198)	(11,084)	(2,687)
Income tax expense	(30)	(100)	(258)	(152)
(Loss)/Profit after taxation	(6,582)	(8,298)	(11,342)	(2,839)

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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 since the last annual balance sheet date.

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

	30.06.2016 RM'000 (Unaudited)	31.12.2015 RM'000 (Unaudited)
Approved and contracted for :-		
Property, plant and equipment	430	124
Intangible assets	-	959
	<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	
	2016 RM'000 (Unaudited)	2015 RM'000 (Unaudited)	2016 RM'000 (Unaudited)	2015 RM'000 (Unaudited)
Management fees received/receivable from a joint venture	(70)	(62)	(146)	(124)
Professional fee payable to a related party	390	-	605	219

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Interim Financial Report 30 June 2016

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 2016, the Group recorded a 8.38% reduction in revenue to RM61.47 million compared with the corresponding period in 2015 of RM67.09 million.

The Group recorded a pre-tax loss of RM6.55 million in the current quarter as compared to a pre-tax loss of RM8.20 million in the corresponding quarter of the previous year. This quarter revenue was lower due to lower meal offtake.

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

In-flight catering and related services

The performance of in-flight catering and related services continued to show a decline quarter on quarter and also when compared to the corresponding quarter in the previous year. The revenue for the current quarter was lower by RM5.11 million or 7.94%, closing at RM59.28 million compared with a revenue of RM64.39 million in the corresponding quarter of the previous year.

Current quarter's segmental operations loss was RM2.27 million compared with loss of RM4.98 million from operations in the same quarter of the previous year.

Food and Beverage

Performance of the F&B segment for this quarter was lower than the corresponding quarter of the previous year. Revenue for the current quarter was RM305,000 which was 48.91% or RM292,000 lower than the revenue of RM597,000 on the corresponding quarter of the previous year.

Current quarter's operations continued to show losses of RM315,000 against a corresponding quarter of the previous year of RM201,000 arising from lower revenue generated by restaurant.

**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 on track. It registered a marginal reduction of 2.67%, which was RM50,000 in revenue to RM1.82 million compared to RM1.87 million in the corresponding quarter of the previous year. The warehouse occupancy rate continued to remain stable.

Segmental profit for the quarter was RM 262,000 compared with the corresponding quarter profit of RM364,000 in the previous year arising from reduced in revenue and slightly increase of overhead as a whole.

2. Comparison with immediate preceding quarter's result

Compared to the immediate preceding quarter's results, the Group's revenue reported a increase from RM60.45 million to RM61.47 million in the second quarter of 2016.

The Group recorded a loss before tax of RM6.55 million for the second quarter as compared to a loss before tax of RM4.53 million in the immediate preceding quarter.

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

The Q3 2016 outlook for the in-flight catering division is expected to be positive, following menu enhancement for economy class which took effect from May 2016 and the business class took effect from July 2016 for main customer, MAB. Revenue from other foreign carriers continues to show improvement. To manage the rising cost, management will continue with the cost saving initiatives that has been implemented since last year as part of our business survival plan in 2016.

Food and Beverage

The performance of the F&B segment for the first quarter 2016 continues to show signs of a operational losses are expected to be narrowed gradually in the near future since the implementation of cost saving measures.

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

3. Prospects (Continued)

Logistics and related services

The logistics segment is expected to maintain their business level and to continue its positive contribution to the Group.

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		6 months ended	
	30 June		30 June	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
-for the financial period	-	40	203	92
-underprovision in prior years	-	-	-	-
Deferred taxation				
-for the current financial period	30	60	55	60
	<u>30</u>	<u>100</u>	<u>258</u>	<u>152</u>

The Group's effective tax rate is higher than statutory tax rate due to certain expenses being disallowed for tax purposes.

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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

	30.06.2016 RM'000 (Unaudited)	31.12.2015 RM'000 (Audited)
a) Short term borrowings		
Secured		
- Term loans	4,882	27,132
- Hire purchase and lease payables	28	86
	<u>4,910</u>	<u>27,218</u>
b) Long term borrowings		
Secured		
- Term loans	76,685	116,250
- Hire purchase and lease payables	99	99
	<u>76,784</u>	<u>116,349</u>
	<u>81,694</u>	<u>143,567</u>

The above borrowings are denominated in Ringgit Malaysia.

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

8. Changes in material litigation

On June 2016, Admuda Sdn. Bhd. ("Admuda"), a 60% owned subsidiary of the Company on 10 June 2016 received a Writ and Statement of Claim which was filed on 30 May 2016 at the High Court of Sabah and Sarawak at Kuching by Hock Seng Lee Berhad ("Company No. 045556-X) ("Plaintiff") to claim against Admuda the sum of RM6,939,196.75 together with interest thereon as the Court deems fit from 24 June 2014 until full and final settlement as alleged damages.

The Plaintiff's claim is arising from the non-payment by Admuda of the first progress claim for the works done by the Plaintiff in relation to the design and build a sugar refinery factory with production capacity of 500 tones per day. Admuda has taken steps to engage lawyer on the matter and will announce further developments on the above matter in due course.

The Board of Directors is of the view that the Writ and Statement of Claim is not expected to have any significant financial and operational impact on BHB Group for the financial year ending 31 December 2016.

9. Dividend

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

10. (Loss)/Earnings per share

		Individual Quarter		Cumulative Quarters	
		3 months ended		period ended	
		30.06.16	30.06.15	30.06.16	30.06.15
Basic earnings per share					
(Loss)/Profit attributable to ordinary equity holders of the parent company	(RM'000)	(5,795)	(6,813)	(10,821)	(3,972)
Weighted average number of ordinary shares in issue	('000)	236,285	236,285	236,285	236,285
Basic earnings per share	(Sen)	(2.45)	(2.88)	(4.58)	(1.68)

The calculation of basic earnings per share for the quarter to date is arrived at, by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares issued during the financial year.

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Appendix II

Additional information required by the Bursa Malaysia's Listing Requirements

11. Notes to the Statement of Comprehensive Income

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

	6-months ended 30 June 2016 RM'000 (Unaudited)	6-months ended 30 June 2015 RM'000 (Unaudited)
Depreciation and amortisation	5,574	7,702
Interest expense	3,340	4,944
Loss of disposal of PPE	23	-
(Gain)/loss on realised foreign exchange	(21)	-
Loss on unrealised foreign exchange	-	-
Interest income	(326)	(155)

12. Realised and Unrealised Profits/(Losses) Disclosures

The accumulated losses were analysed as follows:-

	30.06.2016 RM'000 (Unaudited)	31.12.2015 RM'000 (Audited)
Total accumulated losses of the Company and its subsidiaries		
- Realised	(25,140)	(17,794)
- Unrealised	12,590	12,008
	<u>(12,550)</u>	<u>(5,786)</u>
Add: Consolidation Adjustments	(61,709)	(31,582)
Total group losses as per consolidated statements	<u><u>(74,259)</u></u>	<u><u>(37,368)</u></u>

13. Authorisation for Issue

The interim financial statement was duly approved by the Board of Directors at the board meeting held on 29 August 2016.