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MAK CHOOI PENG
SECRETARY
MAICSA 7017931

04 DEC 2018

ASIA BRANDS BERHAD
(Company No.: 22414-V)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 MARCH 2018

Registered office and principal place of business:

Lot 10449, Jalan Nenas
Batu 4 ½, Kampung Jawa
41000 Klang
Selangor Darul Ehsan

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 MARCH 2018

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ASIA BRANDS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Loss for the financial year attributable to owners of the Company	19,196,832	2,135,932

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued 37,206,586 new ordinary shares of RM0.741 at RM27,570,080 for a total cash consideration of RM27,570,080 for repayment of Islamic Medium Term Note due on 16 March 2018.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors

The Directors in office during the financial year until the date of this report are:

Ng Chin Huat*
Cheah Yong Hock*
Kong Sau Kian*
Lim Kim Meng
David Tan Chin Wee (Alternate Director to Dato' Sri Tan Thian Poh, appointed on 30 Apr 2018)
Dato' Sri Tan Thian Poh (Appointed on 11 Apr 2018)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Kok Tai Meng
Lee Yean Fung
Chua Hooi Yee
Kong Sau Kian (Resigned on 11 Apr 2018)

* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and make a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2017	**Bought**	**Sold**	**At 31.3.2018**
Interests in the Company				
Direct interests :				
Cheah Yong Hock	625,600	-	-	625,600
Indirect interests :				
Ng Chin Huat [(a)]	47,237,477	-	(8,680,000)	38,557,477
Interests in the holding company				
Direct interests :				
Ng Chin Huat	1	-	-	1
Indirect interests :				
Ng Chin Huat [(b)]	1	-	-	1

Directors' Interests in Shares (Cont'd)

Notes:

[a] Deemed interest by virtue of interests held by Everest Hectare Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

[b] Deemed interest by virtue of interests held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of his interest in the shares of the Company, Ng Chin Huat is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 27 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and of the Company were RM3,000,000 and RM8,500 respectively. There were no indemnity and insurance costs effected for auditors of the Group and of the Company during the financial year.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

Other Statutory Information (Cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Holding Company

The holding company is Everest Hectare Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 24 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated
5 JUL 2018

NG CHIN HUAT

KONG SAU KIAN

KUALA LUMPUR

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 16 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated
5 JUL 2018

NG CHIN HUAT

KONG SAU KIAN

KUALA LUMPUR

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, KOK TAI MENG (MIA Membership No. CA30027), being the Officer primarily responsible for the financial management of Asia Brands Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 16 to 97 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 5 JUL 2018	)))	KOK TAI MENG

Before me,

PESURUHJAYA SUMPAH
No. W 710
MOHAN A.S. MANIAM
1.1.2017 hingga 31.12.2018
MALAYSIA

Commissioner for Oaths

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA BRANDS BERHAD
(Company No: 22414-V)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asia Brands Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 97.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA BRANDS BERHAD (CONT'D)
(Company No: 22414-V)
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Report on the Audit of the Financial Statements (Cont'd)

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial statements, which indicates that the Group and the Company incurred a net loss of RM19,196,832 and RM2,135,932 respectively during the financial year ended 31 March 2018 and, as of that date, the Group and the Company had a net current liabilities of RM32,182,620 and RM6,830,450 respectively. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that there is a material uncertainty on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	**How our audit addressed the key audit matters**
<u>Impairment assessment on goodwill and intangible assets with indefinite life</u> Please refer to Note 2(d) Significant Accounting Judgements, Estimates and Assumptions, Note 3(j) Significant Accounting Policies and Note 6 Intangible Assets.	Our procedures performed in relation to management's impairment assessment and testing included the following: • Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results; • Assessed the key assumptions on which the cash flow projections are based, by amongst others, comparing them against business plans, historical results and market data;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA BRANDS BERHAD (CONT'D)
(Company No: 22414-V)
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Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matters (Cont'd)	**How our audit addressed the key audit matters (Cont'd)**
<u>Impairment assessment on goodwill and intangible assets with indefinite life (Cont'd)</u> The carrying values of goodwill and intangible assets of the Group as at 31 March 2018 are RM26.7 million and RM131 million respectively. Goodwill and intangible assets with indefinite life are subject to annual impairment testing. We focused on these areas as the determination of recoverable amounts of cash-generating-unit based on value-in-use calculations by management involved a significant degree of judgement and assumptions.	Our procedures performed in relation to management's impairment assessment and testing included the following (Cont'd): • Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. • Performed sensitivity analysis on key assumptions to evaluate impact on the impairment assessment; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the procedures performed, we noted no significant exceptions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA BRANDS BERHAD (CONT'D)
(Company No: 22414-V)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matters (Cont'd)	**How our audit addressed the key audit matters (Cont'd)**
<u>Inventories valuation and provision</u> The carrying amount of finished goods of the Group as at 31 March 2018 is RM46.1 million. As described in the Accounting Policies in Note 3(h) to the financial statements, inventories are carried at the lower of cost and net realisable value. Assessing valuation of inventories is an area of significant judgement as there is a risk in estimating the net realisable value of the inventories, as well as assessing which items may be slow-moving or obsolete. Due to the significance of inventories and the corresponding uncertainty inherent in such an estimate, we considered this as a key audit matter. Please refer to Note 2(d) Significant Accounting Judgements, Estimates and Assumptions and the disclosures of inventories in Note 8 to the financial statements.	Our audit procedures included, amongst others: • Reviewing the historical ageing of inventories; • Checking the effectiveness of controls associated with the existence and condition of inventories by attending inventory counts at financial year end in selected locations; • Identifying and assessing a sample of aged and obsolete inventories; • Analysing the level of slow-moving inventories and the associated provision; • Testing the expected volume and price of future sales of inventories by reviewing the price of a sample of inventories sold after the balance sheet date; • Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the financial year; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the above procedures performed, we did not note any significant exceptions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA BRANDS BERHAD (CONT'D)
(Company No: 22414-V)
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Report on the Audit of the Financial Statements (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA BRANDS BERHAD (CONT'D)
(Company No: 22414-V)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA BRANDS BERHAD (CONT'D)
(Company No: 22414-V)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA BRANDS BERHAD (CONT'D)
(Company No: 22414-V)
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

TIO SHIN YOUNG
Approved Number: 3355/02/2020(J)
Chartered Accountant

KUALA LUMPUR
5 JULY 2018

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Plant and equipment	4	7,350,759	9,620,741	-	5,750
Investments in subsidiary companies	5	-	-	249,521,600	243,535,800
Intangible assets	6	157,704,868	161,904,868	-	-
Deferred tax assets	7	11,915,000	11,915,000	-	-
		176,970,627	183,440,609	249,521,600	243,541,550
Current Assets					
Inventories	8	46,072,441	62,701,818	-	-
Trade receivables	9	23,569,807	37,615,108	-	-
Other receivables	10	5,873,580	11,000,745	14,364	9,368
Amounts due from subsidiary companies	11	-	-	568,718	-
Tax recoverable		7,252,506	7,179,386	3,600	12,663
Fixed deposit with licensed bank	12	5,628	5,484	5,628	5,484
Cash and bank balances	13	8,615,482	13,565,830	85,169	24,775
		91,389,444	132,068,371	677,479	52,290
Total Assets		268,360,071	315,508,980	250,199,079	243,593,840

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018 (CONT'D)

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
EQUITY					
Share capital	14	158,000,681	130,430,601	158,000,681	130,430,601
(Accumulated losses)/ Retained earnings		(13,463,372)	5,733,460	84,690,469	86,826,401
Total equity attributable to owners of the Company		144,537,309	136,164,061	242,691,150	217,257,002
LIABILITIES					
Non-Current Liabilities					
Finance lease payable	15	243,298	-	-	-
Deferred tax liabilities	7	7,400	24,700	-	-
		250,698	24,700	-	-
Current Liabilities					
Trade payables	16	13,798,423	16,664,613	-	-
Other payables	17	6,075,134	7,131,236	208,417	194,081
Amounts due to subsidiary companies	11	-	-	7,299,512	22,774,045
Amounts due to holding company	18	1,200,000	20,103,658	-	3,365,000
Finance lease payable	15	34,877	3,712	-	3,712
Islamic medium term notes	19	90,000,000	120,000,000	-	-
Bank borrowings	20	12,452,000	15,417,000	-	-
Tax payables		11,630	-	-	-
		123,572,064	179,320,219	7,507,929	26,336,838
Total Liabilities		123,822,762	179,344,919	7,507,929	26,336,838
Total Equity and Liabilities		268,360,071	315,508,980	250,199,079	243,593,840

The accompanying notes form an integral part of the financial statements.

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Continuing operations					
Revenue	21	150,588,294	165,551,254	-	-
Cost of sales		(81,435,081)	(98,521,090)	-	-
Gross profit		69,153,213	67,030,164	-	-
Other income		4,922,292	4,327,942	236,986	348,579
Selling and distribution expenses		(77,298,876)	(105,041,717)	-	-
Administrative expenses		(6,815,779)	(8,943,147)	(2,372,898)	(33,209,364)
Loss from operations		(10,039,150)	(42,626,758)	(2,135,912)	(32,860,785)
Finance costs		(7,959,818)	(7,716,537)	(20)	(683)
Loss before tax		(17,998,968)	(50,343,295)	(2,135,932)	(32,861,468)
Taxation	22	(1,197,864)	11,050,389	-	(61)
Loss from continuing operations		(19,196,832)	(39,292,906)	(2,135,932)	(32,861,529)
Discontinued operation					
Loss from discontinuing operation, net of tax	23	-	(19,200,747)	-	-
Loss for the financial year attributable to:					
Owners of the Company	24	(19,196,832)	(58,493,653)	(2,135,932)	(32,861,529)

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Total comprehensive loss attributable to:					
Owners of the Company		(19,196,832)	(58,493,653)	(2,135,932)	(32,861,529)
Loss per share	25				
Basic and diluted loss per ordinary share (sen):					
from continuing operations		(23.71)	(49.66)		
from discontinuing operation		-	(24.27)		
		(23.71)	(73.93)		

The accompanying notes form an integral part of the financial statements.

ASIA BRANDS BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Attributable to Owners of the Parent		
		<Non-Distributable>	<Distributable>	
Group	**Note**	**Share Capital RM**	**Retained Earnings/ (Accumulated Losses) RM**	**Total RM**
At 1 April 2017		130,430,601	5,733,460	136,164,061
Issuance of shares	14	27,570,080	-	27,570,080
Net loss for the financial year, representing total comprehensive loss for the financial year		-	(19,196,832)	(19,196,832)
At 31 March 2018		158,000,681	(13,463,372)	144,537,309

ASIA BRANDS BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

		Attributable to Owners of the Parent			
		<Non-Distributable>		<Distributable>	
Group	**Note**	**Share Capital RM**	**Share Premium RM**	**Retained Earnings RM**	**Total RM**
At 1 April 2016		79,117,214	51,313,387	64,227,113	194,657,714
Adjustments for effect of Companies Act 2016	14	51,313,387	(51,313,387)	-	-
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	(58,493,653)	(58,493,653)
At 31 March 2017		130,430,601	-	5,733,460	136,164,061

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

		Attributable to Owners of the Parent		
		<Non-Distributable>	<Distributable>	
Company	**Note**	**Share Capital RM**	**Retained Earnings RM**	**Total RM**
At 1 April 2017		130,430,601	86,826,401	217,257,002
Issuance of shares	14	27,570,080	-	27,570,080
Net loss for the financial year, representing total comprehensive loss for the financial year		-	(2,135,932)	(2,135,932)
At 31 March 2018		158,000,681	84,690,469	242,691,150

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

		Attributable to Owners of the Parent			
		<Non-Distributable>		<Distributable>	
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Retained Earnings RM**	**Total RM**
At 1 April 2016		79,117,214	51,313,387	119,687,930	250,118,531
Adjustments for effect of Companies Act 2016	14	51,313,387	(51,313,387)	-	-
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	(32,861,529)	(32,861,529)
At 31 March 2017		130,430,601	-	86,826,401	217,257,002

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Cash Flows From Operating Activities				
Loss before tax from:				
- Continuing operations	(17,998,968)	(50,343,295)	(2,135,932)	(32,861,468)
- Discontinuing operation	-	(19,200,747)	-	-
	(17,998,968)	(69,544,042)	(2,135,932)	(32,861,468)
Adjustments for:				
Bad debts written off on:				
- Trade receivables	971,746	563,405	-	-
Bad debts recovered	(77,853)	-	-	-
Waiver of debt on subsidiary	-	-	-	(40,829)
Depreciation of plant and equipment	4,345,268	7,027,668	5,749	69,000
Impairment losses on:				
- Goodwill	4,200,000	-	-	-
- Investments in subsidiary companies	-	-	14,200	7,472,700
- Trade receivables	272,397	4,070,103	-	-
- Other receivables	-	7,117,149	-	6,226,229
- Amount due from subsidiary companies	-	-	3,428,500	3,143,500
Interest expense	7,959,818	9,374,310	20	683
Inventories written down	1,121,917	17,007,706	-	-
Inventories written off	9,812,937	8,265,498	-	-
Reversal of inventories written down	(3,004,395)	(226,387)	-	-
Plant and equipment written off	-	639,815	-	-
Loss on disposal of trademark	-	735,438	-	-
Gain on disposal of plant and equipment	(72,074)	(661,829)	(84,905)	-
Loss on disposal of subsidiary companies	-	5,980,308	-	15,591,391
Interest income	(284,114)	(284,942)	(143)	(245)
Reversal of impairment losses on				
- trade receivables	(2,773,751)	(7,851,800)	-	-
- other receivables	(1,932,791)	(748,281)	(367,889)	-
- Amount due from subsidiary companies	-	-	(1,489,000)	-
Operating gain/ (losses) before working capital changes	2,540,137	(18,535,881)	(629,400)	(399,039)

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Changes in working capital				
Inventories	8,698,918	41,787,045	-	-
Receivables	22,712,718	5,305,046	362,893	(6,228,336)
Payables	(3,922,292)	3,817,569	14,336	(36,130)
	27,489,344	50,909,660	377,229	(6,264,466)
Cash generated from/(used in) operations	30,029,481	32,373,779	(252,171)	(6,663,505)
Interest paid	(7,959,818)	(9,374,310)	(20)	(683)
Income tax paid	(1,276,654)	(943,898)	9,063	(2,808)
	(9,236,472)	(10,318,208)	9,043	(3,491)
Net cash generated from/(used in) operating activities	20,793,009	22,055,571	(243,128)	(6,666,996)
Cash Flows From Investing Activities				
Advances to subsidary companies	-	-	(2,508,218)	(2,534,700)
Interest received	284,114	284,942	143	245
Purchase of plant and equipment (Note 4(b))	(1,887,118)	(1,013,702)	-	-
Net cash outflow on acquisition of a subsidiary company (Note 5)	-	-	-	(2)
Net cash inflow on disposal of subsidiary companies	-	13,648,698	-	14,408,609
Withdrawal of deposit with licensed bank	-	4,115,000	-	-
Proceeds from disposal of trademark	-	2	-	-
Proceeds from disposal of plant and equipment	164,906	1,081,030	84,906	-
Increase in investment in a subsidiary	-	-	(6,000,000)	(20,000,000)
Net cash (used in)/generated from investing activities	(1,438,098)	18,115,970	(8,423,169)	(8,125,848)

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Cash Flows From Financing Activities				
(Repayment to)/Advance from holding company	(18,903,658)	1,138,658	(3,365,000)	(3,800,000)
(Repayment to)/Advance from subsidiary companies	-	-	(15,474,533)	18,624,477
Proceeds from issue of shares	27,570,080	-	27,570,080	-
Repayment of Islamic Medium Term Notes	(30,000,000)	(10,000,000)	-	-
Repayment of finance lease payable	(6,537)	(21,769)	(3,712)	(21,769)
Repayment of banker acceptance	(2,965,000)	(20,583,000)	-	-
Net cash (used in)/ from financing activities	(24,305,115)	(29,466,111)	8,726,835	14,802,708
Net (decrease)/increase in cash and cash equivalents	(4,950,204)	10,705,430	60,538	9,864
Cash and cash equivalents at beginning of the financial year	13,571,314	2,865,884	30,259	20,395
Cash and cash equivalents at end of the financial year	8,621,110	13,571,314	90,797	30,259
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	8,615,482	13,565,830	85,169	24,775
Fixed deposits with licensed banks	5,628	5,484	5,628	5,484
	8,621,110	13,571,314	90,797	30,259

The accompanying notes form an integral part of the financial statements.

ASIA BRANDS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business and the registered office of the Company are at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is Everest Hectare Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

2. Basis of Preparation

(a) Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 30. Other than that, the adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

2. **Basis of Preparation (Cont'd)**

(a) **Statement of Compliance (Cont'd)**

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, IC Interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
Amendments to MFRS 15	Classifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019

2. **Basis of Preparation (Cont'd)**

(a) **Statement of Compliance (Cont'd)**

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards:		
• Amendments to MFRS 2 *Share-Based Payment*		1 January 2020
• Amendments to MFRS 3 *Business Combinations*		1 January 2020
• Amendments to MFRS 6 *Exploration for and Evaluation of Mineral Resources*		1 January 2020
• Amendments to MFRS 14 *Regulatory Deferral Accounts*		1 January 2020
• Amendments to MFRS 101 *Presentation of Financial Statements*		1 January 2020
• Amendments to MFRS 108 *Accounting Policies, Change is Accounting Estimates and Errors*		1 January 2020
• Amendments to MFRS 134 *Interim Financial Reporting*		1 January 2020
• Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*		1 January 2020
• Amendments to MFRS 138 *Intangible Assets*		1 January 2020
• Amendments to IC Interpretation 12 *Service Concession Arrangements*		1 January 2020
• Amendments to IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*		1 January 2020
• Amendments to IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*		1 January 2020
• Amendments to IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*		1 January 2020
• Amendments to IC Interpretation 132 *Intangible Assets Web Site Costs*		1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or contribution of Assets between an Investor and its Associates or Joint Venture	Deferred until further notice

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

<u>MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)</u>

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

The Group has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Financial assets and financial liabilities of the Group and of the Company which are currently carried at amortised costs and fair value through profit or loss ("FVTPL") respectively under MFRS 139 will continue to be measured on the same basis. Any equity investments which are currently categorised as available-for-sale under MFRS139 will be categorised as FVTPL under MFRS 9 and the Group may consider making an irrevocable election to present subsequent changes in fair value of equity instrument in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The expected impact from implementation of MFRS 9 and the determination of expected credit loss will have relatively insignificant impact on trade receivables and profit or loss before tax as the current policy on impairment on trade receivables are considered reasonably consistent with MFRS 9.

- There will be no impact arising from the new general hedge accounting requirements as the Group and the Company do not adopt hedge accounting.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has assessed the effects of applying the new standard on the Group's financial statements and has identified the following area that will be affected:

2. **Basis of Preparation (Cont'd)**

(a) **Statement of Compliance (Cont'd)**

Standards issued but not yet effective (Cont'd)

MFRS 15 *Revenue from Contracts with Customers* (Cont'd)

Revenue relating to sales of good will be recognised when control of the products has transferred, being the point when the products are delivered to the customer or sold from the customer's premise. As the transfer of risks and rewards generally coincides with the transfer of control at a point in time, the timing and amount of revenue recognised for the sale of good under MFRS 15 is unlikely to be materially different from its current practice.

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

2. **Basis of Preparation (Cont'd)**

(a) **Statement of Compliance (Cont'd)**

Standards issued but not yet effective (Cont'd)

MFRS 17 *Insurance Contracts*

MFRS 17 which will supersede MFRS 4 Insurance Contracts is effective for annual reporting periods beginning on or after 1 January 2021 with earlier application permitted as long as MFRS 9 and MFRS 15 are also applied. An entity identifies as *insurance contracts* those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. MFRS 17 requires to separate specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts, as well as to divide the contracts into groups that an entity will recognise and measure. MFRS 17 also include an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 and on the assumption that the Group and the Company are going concern.

During the financial year ended 31 March 2018, the Group and the Company incurred a net loss of RM19,196,832 (2017: RM58,493,653) and RM2,135,932 (2017: RM32,861,529) respectively and, as of that date, the Group and the Company had a net current liabilities of RM32,182,620 (2017: RM47,251,848) and RM6,830,450 (2017: RM26,284,548) respectively. The Group had a net current liabilities due to the reclassification of Islamic Medium Term Notes ("IMTN") to current liability as a results of non-compliance with financial covenants as required in IMTN. The non-compliance of financial covenants as required is mainly due to losses incurred. These conditions indicate that there is a material uncertainty on the Group's and the Company's ability to continue as a going concern.

The Group and the Company are currently exploring various options to address these conditions, amongst which, include further streamlining of operations to achieve cost savings and increasing product fairs and products range to achieve higher revenue and better margins.

2. **Basis of Preparation (Cont'd)**

(b) **Basis of measurement (Cont'd)**

In view of the above, the appropriateness of preparing the financial statements on a going concern basis is dependent upon the successful execution of the abovementioned plans, continued support of banks and its holding company and the achievement of future profitable operations by the Group. Accordingly, the financial statements of the Group and of the Company do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

(c) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) **Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

2. **Basis of Preparation (Cont'd)**

(d) **Significant accounting judgements, estimates and assumptions (Cont'd)**

Key sources of estimation uncertainty (Cont'd)

Useful lives of plant and equipment

The Group regularly reviews the estimated useful lives of plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of plant and equipment would increase the recorded depreciation and decrease the value of plant and equipment. The carrying amount at the reporting date for plant and equipment is disclosed in Note 4.

Going concern

As disclosed in Note 2(b) to the financial statements, judgement is made by the Directors whether the Group and the Company will be able to continue as a going concern. The financial statements of the Group and of the Company have been prepared on a going concern basis.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 5.

Impairment of goodwill and trademarks

The Group tests annually whether goodwill and trademarks have suffered any impairment in accordance with the accounting policy in Note 3(j)(i) on impairment of non-financial assets. When value in use calculations are undertaken, management estimates the expected future cash flows from the cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses. Further details of the key assumptions applied in the impairment assessment of goodwill and trademarks are given in Note 6.

2. **Basis of Preparation (Cont'd)**

(d) **Significant accounting judgements, estimates and assumptions (Cont'd)**

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 7.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2018, the Group and the Company have tax recoverable of RM7,252,506 (2017: RM7,179,386) and RM3,600 (2017: RM12,663) respectively.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

Impairment on loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

2. **Basis of Preparation (Cont'd)**

(d) **Significant accounting judgements, estimates and assumptions (Cont'd)**

Key sources of estimation uncertainty (Cont'd)

Impairment on loans and receivables (Cont'd)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 9, 10 and 11 respectively.

3. **Significant Accounting Policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) **Basis of consolidation**

(i) **Subsidiary companies**

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(i) **Subsidiary companies (Cont'd)**

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.
Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial assets.

(ii) **Changes in ownership interests in subsidiary companies without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. **Significant Accounting Policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(iii) **Disposal of subsidiary companies**

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) **Goodwill on consolidation**

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial assets.

(b) **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i).

(i) **Recognition and measurement**

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

3. **Significant Accounting Policies (Cont'd)**

(b) **Plant and equipment (Cont'd)**

(i) **Recognition and measurement (Cont'd)**

The cost of plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) **Subsequent costs**

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

(iii) **Depreciation**

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

Plant and equipment are depreciated based on the principal annual rates as follows:

Computer equipment	30%
Display counters	20%
Office equipment	10%
Renovation	20%
Motor vehicles	20%

3. **Significant Accounting Policies (Cont'd)**

(b) **Plant and equipment (Cont'd)**

(iii) **Depreciation (Cont'd)**

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the plant and equipment.

(c) **Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) **Finance lease**

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) **Operating lease**

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3. **Significant Accounting Policies (Cont'd)**

(d) **Intangible assets**

(i) **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) **Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(e) **Financial assets**

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(e) **Financial assets (Cont'd)**

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(f) **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition into the following categories:

3. **Significant Accounting Policies (Cont'd)**

(f) **Financial liabilities (Cont'd)**

(i) Financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(g) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(h) **Inventories**

Finished goods are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis and comprises the purchase price and incidental costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(j) **Impairment of assets**

(i) **Non-financial assets**

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

3. **Significant Accounting Policies (Cont'd)**

(j) **Impairment of assets (Cont'd)**

(i) **Non-financial assets (Cont'd)**

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. **Significant Accounting Policies (Cont'd)**

(j) **Impairment of assets (Cont'd)**

(ii) **Financial assets**

All financial assets, other than investments in subsidiary companies are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(k) **Share capital**

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceed received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Purchase of own shares

Where any company within the Group purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or re-issued. Where such ordinary shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

(l) **Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

3. **Significant Accounting Policies (Cont'd)**

(m) **Employee benefits**

(i) **Short term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) **Defined contribution plans**

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(n) **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) **Sale of goods**

Revenue is recognised net of goods and service tax and discounts upon transfer of the significant risks and rewards of ownership to the buyer. In the case of consignment sales, revenue is recognised when the goods are sold by the consignee to a third party. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

3. **Significant Accounting Policies (Cont'd)**

(n) **Revenue (Cont'd)**

(iii) **Interest income**

Interest income is recognised on accruals basis using the effective interest method.

(iv) **Royalty income**

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(o) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) **Income taxes**

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. **Significant Accounting Policies (Cont'd)**

(p) **Income taxes (Cont'd)**

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) **Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST except:

(i) Where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisitionof the asset or as part of the expense item as applicable; and

(ii) Receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

3. **Significant Accounting Policies (Cont'd)**

(r) **Segments reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) **Foreign currency transactions and balances**

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

3. **Significant Accounting Policies (Cont'd)**

(t) **Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) **Non-current assets (or disposal groups) held for sale and discontinued operation**

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

3. **Significant Accounting Policies (Cont'd)**

(v) **Fair value measurement**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. Plant and Equipment

Group	Computer Equipment RM	Display Counters RM	Office Equipment RM	Renovation RM	Motor Vehicles RM	Total RM
2018						
Cost						
At 1 April	1,423,144	19,833,339	368,649	3,961,213	988,687	26,575,032
Additions	-	1,817,284	2,279	-	348,555	2,168,118
Disposals	-	-	-	-	(567,795)	(567,795)
At 31 March	1,423,144	21,650,623	370,928	3,961,213	769,447	28,175,355
Accumulated depreciation						
At 1 April	1,274,703	11,547,332	86,606	3,245,742	799,908	16,954,291
Charge for the financial year	107,114	3,604,067	37,102	490,426	106,559	4,345,268
Disposals	-	-	-	-	(474,963)	(474,963)
At 31 March	1,381,817	15,151,399	123,708	3,736,168	431,504	20,824,596
Carrying amount						
At 31 March	41,327	6,499,224	247,220	225,045	337,943	7,350,759

4. **Plant and Equipment (Cont'd)**

Group	**Computer Equipment RM**	**Display Counters RM**	**Office Equipment RM**	**Renovation RM**	**Motor Vehicles RM**	**Total RM**
2017						
Cost						
At 1 April	4,631,729	40,730,377	700,341	5,749,383	1,225,773	53,037,603
Additions	-	1,013,702	-	-	-	1,013,702
Disposals	-	(348,178)	-	-	(237,086)	(585,264)
Written off	(3,208,585)	(11,509,074)	(4,290)	(1,788,170)	-	(16,510,119)
Disposals of subsidiary	-	(10,053,488)	(327,402)	-	-	(10,380,890)
At 31 March	1,423,144	19,833,339	368,649	3,961,213	988,687	26,575,032
Accumulated depreciation						
At 1 April	4,263,769	24,416,848	122,119	4,287,605	766,907	33,857,248
Charge for the financial year	211,574	5,806,086	67,293	743,651	199,064	7,027,668
Disposals	-	-	-	-	(166,063)	(166,063)
Written off	(3,200,640)	(10,882,998)	(1,152)	(1,785,514)	-	(15,870,304)
Disposals of subsidiary	-	(7,792,604)	(101,654)	-	-	(7,894,258)
At 31 March	1,274,703	11,547,332	86,606	3,245,742	799,908	16,954,291
Carrying amount						
At 31 March	148,441	8,286,007	282,043	715,471	188,779	9,620,741

4. Plant and Equipment (Cont'd)

	Motor vehicles RM
Company	
2018	
Cost	
At 1 April/31 March	345,000
Disposal	(345,000)
At 31 March	-
Accumulated depreciation	
At 1 April	339,250
Charge for the financial year	5,749
Disposal	(344,999)
At 31 March	-
Carrying amount	
At 31 March	-
2017	
Cost	
At 1 April/31 March	345,000
Accumulated depreciation	
At 1 April	270,250
Charge for the financial year	69,000
At 31 March	339,250
Carrying amount	
At 31 March	5,750

(a) Assets held under finance leases

The net carrying amount of plant and equipment of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Motor vehicles	336,937	5,750	-	5,750

Leased assets are pledged as security for the related finance lease liabilities (see Note 15).

4. **Plant and Equipment (Cont'd)**

(b) Purchase of plant and equipment

The aggregate cost for the plant and equipment of the Group and the Company during the financial year under finance lease and cash payments are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Aggregate costs	2,168,118	1,013,702	-	-
Less: finance lease financing	(281,000)	-	-	-
Cash payments	1,887,118	1,013,702	-	-

5. **Investments in Subsidiary Companies**

	Company	
	2018	2017
	RM	RM
Unquoted equity shares, at cost	277,098,098	271,098,098
Less: Allowance for impairment losses	(27,576,498)	(27,562,298)
	249,521,600	243,535,800

Movements in the allowances for impairment losses on investments in subsidiary companies are as follows:

	Company	
	2018	2017
	RM	RM
At 1 April	27,562,298	20,089,598
Impairment loss recognised	14,200	7,472,700
At 31 March	27,576,498	27,562,298

The Company conducted a review of the recoverable amounts of its investments in certain subsidiary companies of which its carrying amount of investments exceeded net assets of the respective subsidiary companies at the reporting date. The recoverable amounts were based on fair value less cost of disposal and value in use as described below:

5. **Investments in Subsidiary Companies (Cont'd)**

Fair value less cost of disposal approach

The review gave rise to the recognition of an impairment loss of investment in subsidiary company of RM14,200 (2017: RM7,472,700) based on recoverable amounts of RM751,300 (2017: RM760,700). The impairment loss was recognised in 'administrative expenses' in statements of profit or loss and other comprehensive income. The recoverable amounts are determined using the fair value less costs of disposal approach, and this is derived using adjusted net assets of the respective subsidiary companies as at the end of the reporting period. The fair values are within level 3 of the fair value hierarchy.

Included in the investments in subsidiary companies is RM189,300,000 (2017: RM183,300,000) pledged for credit facilities granted to a subsidiary company as disclosed in Note 19 to the financial statements.

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %	Principal activities
Direct holding:				
Diesel Marketing Sdn. Bhd. ("Diesel Marketing")	Malaysia	100	100	Dormant.
Ubay Marketing Sdn. Bhd. ("Ubay Marketing")	Malaysia	100	100	Dormant.
Audrey Sdn. Bhd. ("AUSB")	Malaysia	100	100	Trading and retailing in lingerie and ladies wear, care and related products through Heavy Traffic Outlets ("HTO"), distributors as well as retailing boutique outlets.
Anakku Sdn. Bhd. ("AKSB")	Malaysia	100	100	Trading and retailing in baby wear, care and related products through HTO, distributors as well as retailing boutique outlets.

5. **Investments in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows (Cont'd):

Name of company	**Country of incorporation**	**Effective interest 2018 %**	**Effective interest 2017 %**	**Principal activities**
Asia Brands Global Sdn. Bhd. ("ABG")	Malaysia	100	100	Dormant.
Antioni Sdn. Bhd. ("Antioni")	Malaysia	100	100	Dormant.
Asia Brands Assets Management Sdn. Bhd. ("ABAM")	Malaysia	100	100	Dormant.
Asia Brands HR Services Sdn. Bhd. ("ABHR")	Malaysia	100	100	Providing share services function including finance, human resources, IT, administrative and others.
Bumcity Sdn. Bhd. ("Bumcity")	Malaysia	100	100	Dormant.
Mickey Junior Sdn. Bhd. ("MJSB")	Malaysia	100	100	Dormant.
Generasi Prestasi Sdn. Bhd. ("GPSB") (Note c)	Malaysia	100	100	Trading and retailing in baby and children wear, care and related products through HTO, distributors as well as retailing boutique outlets and providing sub-licensing.
Bontton Sdn. Bhd. ("Bontton") (Note a)	Malaysia	-	-	Dormant.
B.U.M. Marketing (Malaysia) Sdn. Bhd. ("BUMM") (Note b)	Malaysia	-	-	Trading and retailing in adult and children wear, care and related products through HTO, distributors as well as retailing boutique outlets.

5. **Investments in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %	Principal activities
Held through AKSB				
Baby Palace Sdn. Bhd. ("BPSB")	Malaysia	100	100	Trading and retailing in baby and children wear, care and related products through boutique outlets.
Generasi Prestasi Sdn. Bhd. ("GPSB") (Note c)	Malaysia	-	-	Trading and retailing in baby and children wear, care and related products through HTO, distributors as well as retailing boutique outlets and providing sub-licensing.
Held through BPSB				
Astra Brands Sdn. Bhd. ("ABSB")	Malaysia	100	100	Wholesale distribution of baby and infant products.
Held through AUSB				
Generasi Dinasti Sdn. Bhd. ("GDSB")	Malaysia	100	100	Providing sub-licensing.
Held through BUMM				
Generasi Cerdas Sdn. Bhd. ("GCSB") (Note b)	Malaysia	-	-	Dormant.
Generasi Fesyen Aktif Sdn. Bhd. ("GFASB") (Note b)	Malaysia	-	-	Not commenced business since its incorporation.

Current Financial Year

Acquisition of subsidiary company

On 30 March 2018, AKSB, a wholly-owned subsidiary company of the Company, has increased its issued and paid-up share capital from 11,000,000 to 17,000,000 ordinary shares of RM1.00 each. The Company has subscribed for an additional of 6,000,000 ordinary shares of RM1.00 each in AKSB by way of cash.

The Group's effective equity interest remained unchanged.

5. **Investments in Subsidiary Companies (Cont'd)**

Previous Financial Year

Disposal of subsidiary companies

a) On 1 October 2016, the Company disposed of its entire equity interest in Bontton for a cash consideration of RM2, which had resulted a gain of RM2.

The effect of the disposal of Bontton on the financial position of the Group as at the date of disposal was as follows:

	RM
Gain on disposal of subsidiary company	2
Sales proceeds from disposal of subsidiary company	2
Less: Cash and cash equivalents of subsidiary disposed	-
Net cash inflow on disposal of subsidiary	2

b) On 6 March 2017, the Group disposed of its entire equity interest in BUMM and its subsidiaries. The details of the disposal are disclosed in Note 23.

c) Acquisition of subsidiary company

On 1 September 2016, the Company acquired 1,000,000 ordinary shares of RM1 each representing 100% equity interest in GPSB, for a total cash consideration of RM2 from AKSB. As this represented an internal restructuring, the Group's effective equity interest remained unchanged.

6. **Intangible Assets**

	Goodwill RM	Trademarks RM	Total RM
Group			
Cost			
At 1 April 2017/31 March 2018	36,068,397	131,000,000	167,068,397
Accumulated impairment loss			
At 1 April 2017	5,163,529	-	5,163,529
Impairment loss during the year	4,200,000	-	4,200,000
At 31 March 2018	9,363,529	-	9,363,529
Carrying amount			
At 31 March 2018	26,704,868	131,000,000	157,704,868

6. **Intangible Assets (Cont'd)**

	Goodwill RM	Trademarks RM	Total RM
Group			
Cost			
At 1 April 2016	36,068,397	140,592,775	176,661,172
Disposal during the year	-	(1,442,000)	(1,442,000)
Disposal of subsidiary	-	(8,150,775)	(8,150,775)
At 31 March 2017	36,068,397	131,000,000	167,068,397
Accumulated impairment loss			
At 1 April 2016	5,163,529	2,354,400	7,517,929
Disposal during the year	-	(706,560)	(706,560)
Disposal of subsidiary	-	(1,647,840)	(1,647,840)
At 31 March 2017	5,163,529	-	5,163,529
Carrying amount			
At 31 March 2017	30,904,868	131,000,000	161,904,868

(a) **Description of material intangible assets**

Intangible assets represent the trademarks for the brands of "Anakku" and "Audrey" for the Group's specialised wear, care and related products through HTO that were acquired in business combinations. The useful lives of the trademarks are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which brands are expected to generate net cash inflow for the Group.

(b) **Impairment testing for cash-generating units ("CGU") containing goodwill and trademarks**

For the purpose of impairment testing, goodwill and trademarks are allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill and trademarks are monitored for internal management purposes.

The aggregate carrying amounts of goodwill and trademarks allocated to each CGU are as follows:

	2018		2017	
	Goodwill RM	Trademarks RM	Goodwill RM	Trademarks RM
Baby wear	13,237,911	113,000,000	17,437,911	113,000,000
Lingerie wear	13,466,957	18,000,000	13,466,957	18,000,000
	26,704,868	131,000,000	30,904,868	131,000,000

6. **Intangible Assets (Cont'd)**

(b) **Impairment testing for cash-generating units ("CGU") containing goodwill and trademarks (Cont'd)**

Key assumptions used in value in use calculations

The recoverable amounts of the CGUs in respect of goodwill and trademarks were determined using the value in use approach. Cash flow projections used were based on financial budgets approved by the management covering a 10-year period for baby wear CGU and a 5-year period for lingerie wear CGU. The growth rate used to extrapolate the cash flows of the CGUs beyond the 5-year period is 3% for lingerie wear and 8% for baby wear that are same as the long-term average growth rate for the industry. Management believes that a forecast period greater than 5 years was justified due to the long-term nature of the goodwill and trademarks.

The key assumptions used for the value in use calculations are:

	Gross Margin		**Growth Rate**		**Discount Rate**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Baby wear	50%	49.8%	5 - 13%	5 - 22.5%	6.98%	7.5%
Lingerie wear	60%	62.8%	3 - 4%	3 - 14.8%	7.37%	7.5%

The key assumptions used by management in the determination of the impairment testing of the goodwill and trademarks are as follows:-

(i) Budgeted gross margin

The basis used to determine the budgeted gross margin is the average gross margins achieved in recent years immediately before the budgeted year and after incorporating the effects of merchandising improvement and new marketing strategies.

(ii) Growth rate

The basis used to determine the growth rate is the revenue growth achieved in recent years taking into account the increase in consumers spending as a result of merchandising improvement and new marketing strategies.

(iii) Discount rate (pre-tax)

Reflects specific risks relating to the relevant operating segments.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

6. Intangible Assets (Cont'd)

(b) Impairment testing for cash-generating units ("CGU") containing goodwill and trademarks (Cont'd)

Based on the impairment test, impairment losses of RM4,200,000 was recognised on goodwill allocated to AKSB, respectively in "Administrative Expenses" line item of the statements of profit or loss and other comprehensive income as the subsidiary company incurred losses during the current financial year.

Sensitivity to changes in assumptions

Cost of goods sold price inflation

Management has considered the possibility of greater than budgeted cost of goods sold. The Group believes that it will be able to pass on the effect of increase in cost of goods sold to its customers through increase in selling prices which will be supported by product improvements.

The Directors believe that there is no reasonable possible change in the key assumptions applied that is likely to materially cause the respective cash-generating unit's carrying amount to exceed its recoverable amount in the current financial year.

7. Deferred Tax Assets/(Liabilities)

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
At 1 April	11,890,300	(26,000)	-	-
Recognised in profit or loss	17,300	11,916,300	-	-
At 31 March	11,907,600	11,890,300	-	-

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Deferred tax assets	11,915,000	11,915,000	-	-
Deferred tax liabilities	(7,400)	(24,700)	-	-
	11,907,600	11,890,300	-	-

7. **Deferred Tax Assets/(Liabilities) (Cont'd)**

The components and movements of deferred tax assets are as follows:

	Unused tax losses RM	Unabsorbed capital allowances RM	Provisions RM	Total RM
Group				
2018				
At 1 April/ 31 March	10,280,291	774,828	859,881	11,915,000
2017				
At 1 April	-	-	-	-
Recognised in profit or loss	10,280,291	774,828	859,881	11,915,000
At 31 March	10,280,291	774,828	859,881	11,915,000

The components and movements of deferred tax liabilities are as follows:

	Accelerated Capital Allowance RM	Provisions RM	Total RM
Group			
2018			
At 1 April	24,700	-	24,700
Recognised in profit or loss	(17,300)	-	(17,300)
At 31 March	7,400	-	7,400
2017			
At 1 April	26,000	-	26,000
Recognised in profit or loss	(1,300)	-	(1,300)
At 31 March	24,700	-	24,700

Deferred tax assets have not been recognised in respect of the following items:

	Group 2018 RM	Group 2017 RM
Unutilised tax losses	27,220,111	18,866,074
Unabsorbed capital allowances	5,821,167	874,068
Other deductible differences	1,978,386	327,512
	35,019,664	20,067,654

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

8. Inventories

	Group	
	2018	2017
	RM	RM
Finished goods	46,072,441	62,701,818
Recognised in profit or loss:		
Inventories recognised as cost of sales	81,435,081	135,302,079
Inventories written down	1,121,917	17,007,706
Reversal of inventories written down	(3,004,395)	(226,387)
Inventories written off	9,812,937	8,265,498

The reversal of inventories written down was made during the year when the related inventories were sold above their carrying amounts.

9. Trade Receivables

	Group	
	2018	2017
	RM	RM
Trade receivables	24,111,494	40,658,149
Less: Allowance for impairment losses	(541,687)	(3,043,041)
	23,569,807	37,615,108

The Group's normal credit terms range from 30 to 120 days (2017: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2018	2017
	RM	RM
At 1 April	3,043,041	7,261,147
Additions during the financial year	272,397	4,070,103
Reversal during the financial year	(2,773,751)	(7,851,800)
Disposal of a subsidiary company	-	(436,409)
At 31 March	541,687	3,043,041

9. **Trade Receivables (Cont'd)**

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	Group 2018 RM	Group 2017 RM
Neither past due nor impaired	14,099,590	27,233,516
Past due but not impaired:		
Less than 30 days	6,014,040	5,356,073
31 to 60 days	1,721,960	2,581,250
61 to 90 days	1,275,485	2,228,399
More than 90 days	458,732	215,870
	9,470,217	10,381,592
Impaired	541,687	3,043,041
	24,111,494	40,658,149

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

At the end of the reporting period, trade receivables that are individually impaired amounting to RMNil (2017: RM1,285,244). These relate to customers that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

10. **Other Receivables**

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other receivables	88,936	9,225,618	-	6,226,229
Less: Allowance for impairment losses	-	(7,791,131)	-	(6,226,229)
	88,936	1,434,487	-	-
Deposits	5,219,385	6,600,937	1,500	1,500
Prepayments	184,085	910,390	-	3,644
GST Claimable	381,174	2,054,931	12,864	4,224
	5,873,580	11,000,745	14,364	9,368

10. **Other Receivables (Cont'd)**

Movements in the allowance for impairment losses of other receivables are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
At 1 April	7,791,131	1,814,842	6,226,229	-
Impairment loss recognised	-	7,117,149	-	6,226,229
Impairment loss reversed	(1,932,791)	(748,281)	(367,889)	-
Bad debt written off	(5,858,340)	-	(5,858,340)	-
Disposal of subsidiary	-	(392,579)	-	-
At 31 March	-	7,791,131	-	6,226,229

At the end of the reporting period, other receivables that are individually impaired amounting to RMNil (2017: RM7,791,131). These relate to receivables that are in significant financial difficulties and/or have defaulted on payments.

11. **Amounts due from/(to) Subsidiary Companies**

	Company	
	2018	**2017**
	RM	**RM**
Amount due from subsidiary companies		
Non-trade related		
Non-interest bearing	6,805,718	4,297,500
Less: Allowance for impairment losses	(6,237,000)	(4,297,500)
	568,718	-
Amount due to subsidiary companies		
Non-trade related		
Non-interest bearing	7,299,512	22,774,045

Movements in the allowance for impairment losses are as follows:

	Company	
	2018	**2017**
	RM	**RM**
At 1 April	4,297,500	1,154,000
Impairment loss recognised	3,428,500	3,143,500
Impairment loss reversed	(1,489,000)	-
At 31 March	6,237,000	4,297,500

The amounts due from/(to) subsidiary companies are unsecured and repayable on demand.

11. Amounts due from/(to) Subsidiary Companies (Cont'd)

During the financial year, the Company has recognised an impairment loss of RM3,428,500 on an amount due from a subsidiary company as the amount may not be recoverable based on management's assessment on the cash flows projections of the subsidiary company.

12. Fixed Deposits with Licensed Bank

The fixed deposit with licensed bank of the Group and of the Company at the end of the reporting period bore effective interest rates at 0.21% (2017: 0.21%) per annum and 0.22% (2017: 0.21%) per annum, respectively. The fixed deposit has maturity periods at 31 days (2017: 31 days) and 31 days (2017: 31 days) for the Group and the Company, respectively.

13. Cash and Bank Balances

Included in the cash and bank balances of the Group amounting to RM3,863,971 (2017: RM4,392,983) is pledged for credit facilities granted to a subsidiary company as disclosed in Note 19 to the financial statements.

14. Share Capital

	Group and Company			
	2018	**2017**	**2018**	**2017**
	Number of Shares		**RM**	**RM**
Issued and fully paid shares				
Ordinary share with no par value				
At 1 April	79,117,214	79,117,214	130,430,601	79,117,214
Adjustments for effect of Companies Act 2016	-	-	-	51,313,387
Issuance of new shares	37,206,586	-	27,570,080	-
At 31 March	116,323,800	79,117,214	158,000,681	130,430,601

During the financial year, the Company issued 37,206,586 new ordinary shares of RM0.741 at RM27,570,080 for a total cash consideration of RM27,570,080 for repayment of Islamic Medium Term Note due on 16 March 2018.

The new Companies Act 2016 (the "Act") which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. In the previous financial year, the amounts standing to the credit of the share premium account of RM51,313,387 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM51,313,387 for purposes as set out in Sections 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

14. Share Capital (Cont'd)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

15. Finance Lease Payable

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Minimum lease payments:				
Within one year	46,560	3,732	-	3,732
Later than one year and not later than two years	46,560	-	-	-
Later than two year and not later than five years	139,680	-	-	-
After five years	89,167	-	-	-
	321,967	3,732	-	3,732
Less: Future finance charge	(43,792)	(20)	-	(20)
Present value of minimum lease payments	278,175	3,712	-	3,712
Present value of minimum lease payments:				
Within one year	34,877	3,712	-	3,712
Later than one year and not later than two years	36,686	-	-	-
Later than two year and not later than five years	120,912	-	-	-
After five years	85,700	-	-	-
	278,175	3,712	-	3,712

The finance lease payable of the Group and of the Company bore an effective interest rate ranged from 2.28% to 4.64% (2017: 4.64%) per annum at the end of the reporting period.

16. Trade Payables

Credit terms of trade payables of the Group ranged from 30 to 60 days (2017: 30 to 60 days) from date of invoice.

17. Other Payables

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other payables	1,113,700	2,500,477	20,467	6,631
Accruals	4,679,689	4,240,455	187,950	187,450
GST - Payable	281,745	390,304	-	-
	6,075,134	7,131,236	208,417	194,081

18. Amount Due to Holding Company

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-trade related				
Interest bearing	-	4,017,806	-	-
Non-interest bearing	1,200,000	16,085,852	-	3,365,000
	1,200,000	20,103,658	-	3,365,000

The amount due to holding company is unsecured, interest free and repayable on demand except for amount of RMNil (2017: RM4,017,806) which bear interest at rate of Nil (2017: 5.75%) per annum.

19. Islamic Medium Term Notes

(A) Details of the Islamic medium term notes ("IMTN") repayment schedule at the end of the reporting period are as follows:-

Tranche	Series	Nominal value (RM million)	Issue Date	Maturity Date	Tenure
1	2	30	16 March, 2015	16 March, 2018	3
1	3	40	16 March, 2015	16 March, 2019	4
1	4	20	16 March, 2015	16 March, 2020	5
2	5	10	16 April, 2015	16 March, 2020	5
3	6	10	16 May, 2015	16 March, 2020	5
4	7	10	16 June, 2015	16 March, 2020	5

The IMTN bore a weighted average effective interest rate of 6.48% (2017: 6.10%) per annum at the end of the reporting period and are secured by:-

(a) a security trust deed;

(b) corporate guarantee by the Company and AUSB;

19. Islamic Medium Term Notes (Cont'd)

(A) Details of the Islamic medium term notes ("IMTN") repayment schedule at the end of the reporting period are as follows (Cont'd):-

(c) a first party first ranking debenture on the assets of AKSB;

(d) a third party first ranking debenture on the assets of AUSB;

(e) a first party first ranking legal charge and assignment over the Finance Service Reserve Account of AKSB;

(f) a first party first ranking legal charge and assignment over the Disbursement Account of AKSB;

(g) a first party legal assignment of Master Inter-Company Financing Agreement of AKSB; and

(h) Memorandum of Deposit of Shares in relation to the following:-

a) 17,000,000 issued and fully paid up ordinary shares in the issued share capital of AKSB comprising 100% of the issued share capital of AKSB which are legally and beneficially owned by Asia Brands Berhad ("ABB");

b) 2,500,000 issued and fully paid up ordinary shares in the issued share capital of AUSB comprising 100% of the issued share capital of AUSB which are legally and beneficially owned by ABB.

The IMTN contained the following financial covenants which the Group need to comply with, are as follows:-

(i) Finance to Equity Ratio ("F:E Ratio"); and

(ii) Finance Service Cover Ratio ("FSCR").

(B) On 7 March 2018, the requirement to comply FSCR has been waived with the consent granted from sukukholders through Extraordinary Circular Resolutions.

During the financial year, the Group's F:E ratio and FSCR ratio were lower than the required ratio under the terms of the IMTN. The management is currently negotiating with the financial institutions for further extention of time. The entire IMTN was remained in the current liabilities of the financial statements.

20. Bank Borrowing

	Group	
	2018	2017
	RM	RM
Secured		
Bankers' acceptance	12,452,000	15,417,000
Current		
Bankers' acceptance	12,452,000	15,417,000

The bankers' acceptance is secured by the following:

a) a negative pledge over certain subsidiary companies' present and future assets; and
b) a corporate guarantee of the Company

The interest rates per annum are as follows:

	Group	
	2018	2017
	%	%
Bankers acceptance	4.89% - 5.40%	4.71% - 5.07%

21. Revenue

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Continuing Operations				
Sales of goods	146,977,820	160,370,820	-	-
Royalty income	3,610,474	5,180,434	-	-
	150,588,294	165,551,254	-	-
Discontinued Operation (Note 23)				
Sales of goods	-	42,338,986	-	-
Royalty income	-	1,373,196	-	-
	-	43,712,182	-	-
	150,588,294	209,263,436	-	-

22. Taxation

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Tax expense/ (benefit) on continuing operations (Note 23)	1,197,864	(11,050,389)	-	61
Tax expenses recognised in profit or loss				
Current tax	1,191,830	862,000	-	-
Under provision in prior years	23,334	3,911	-	61
	1,215,164	865,911	-	61
Deferred tax (Note 7):				
Origination and reversal of temporary differences	(17,300)	(11,916,300)	-	-
Total tax expense/(benefit)	1,197,864	(11,050,389)	-	61

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year.

22. **Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to loss before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company is as follows:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Loss before tax:				
Continuing operations	(17,998,968)	(50,343,295)	(2,135,932)	(32,861,468)
Discontinuing operations	-	(19,200,747)	-	-
	(17,998,968)	(69,544,042)	(2,135,932)	(32,861,468)
At Malaysian statutory tax rate of 24% (2017: 24%)	(4,319,752)	(16,690,570)	(512,624)	(7,886,752)
Expenses not deductible for tax purposes	1,905,800	6,858,271	512,624	7,886,752
Income not subject to tax	-	(903,572)	-	-
Deferred tax assets not recognised during the financial year	3,611,332	3,344,547	-	-
Deferred tax assets recognised during the financial year on previously unrecognised deferred tax assets	-	(3,518,641)	-	-
Utilisation of deferred tax assets previously not recognised	(22,850)	(144,335)	-	-
Under provision of taxation in prior years	23,334	3,911	-	61
	1,197,864	(11,050,389)	-	61

The Group and the Company have the following estimated unutilised tax losses and unutilised capital allowances available for set-off against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group 2018 RM	Group 2017 RM
Unutilised tax losses	73,318,858	54,978,038
Unabsorbed capital allowances	5,821,167	4,085,179
	79,140,025	59,063,217

23. Discontinued Operations and Disposal of Subsidiary Companies

On 6 March 2017, the Group disposed of its entire equity interest in BUMM and its subsidiary companies. Accordingly, the results of BUMM and its subsidiary companies have been classified as discontinued operation in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Comparative consolidated statements of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Loss attributable to the discontinued operation was as follows:

Results of discontinued operation

		Group
		2017
	Note	**RM**
Revenue	21	43,712,182
Expenses		(56,932,619)
Results from operating activities, net of tax		(13,220,437)
Loss on sales of discontinued operation		(5,980,310)
Loss for the year		(19,200,747)

The loss from discontinued operation of RM19,200,747 in previous financial year was attributable entirely to the owners of the Company.

Cash flows generated from discontinued operation

	Group
Cash flows generated from discontinued operation/ disposal of subsidiary	**2017** **RM**
Net cash generated from operating activities	44,397,252
Net cash generated from investing activities	1,014,111
Net cash used in financing activities	(41,839,609)
Effect on cash flows	3,571,754

23. Discontinued Operations and Disposal of Subsidiary Companies (Cont'd)

Effect of disposal on the financial position of the Group

	RM
Plant and Equipment	2,486,632
Trademark	6,502,935
Inventories	6,729,903
Trade receivables	11,023,966
Other receivables	5,848,462
Tax recoverable	740,594
Amount owing by related companies	161,520
Cash and bank balances	759,911
Trade payables	(6,244,716)
Other payables	(535,344)
Amount owing to holding company	(6,883,800)
Amount owing to related companies	(201,146)
Net identified assets and liabilities	20,388,917
Less: Loss on disposal of subsidiary companies	(5,980,310)
Sales proceeds from disposal of subsidiary companies	14,408,607
Less: Cash and cash equivalents of subsidiary disposed	(759,911)
Net cash inflow on disposal of subsidiary companies	13,648,696
Loss on disposal of subsidiary companies	
Discontinued operation	
- Attributable to loss on disposed interest	(5,980,310)

24. Loss for the Financial Year

Loss for the financial year is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Auditors' remuneration				
- current financial year	155,000	157,500	51,000	50,500
- under provision in prior years	-	500	-	-
Non-statutory audit	-	60,000	-	-
Bad debts written off				
- trade receivables	971,746	563,405	-	-
Bad debts recovered	(77,853)	-	-	-
Waiver of debt from a subsidary company	-	-	-	(40,829)

24. Loss for the Financial Year (Cont'd)

Loss for the financial year is determined after charging/(crediting) amongst other, the following items (Cont'd):

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Depreciation of plant and equipment	4,345,268	7,027,668	5,749	69,000
Impairment losses on				
- goodwill	4,200,000	-	-	-
- investments in subsidary companies	-	-	14,200	7,472,700
- trade receivables	272,397	4,070,103	-	-
- other receivables	-	7,117,149	-	6,226,229
- amount due from subsidiary companies	-	-	3,428,500	3,143,500
Interest expense on				
- bankers' acceptance	641,047	1,206,512	-	-
- loan from holding company	20,313	42,172	-	-
- bank overdrafts	25	91,987	-	-
- finance lease	1,075	683	20	683
- Islamic medium term notes	7,297,358	8,032,956	-	-
Inventories written down	1,121,917	17,007,706	-	-
Inventories written off	9,812,937	8,265,498	-	-
Reversal of inventories written down	(3,004,395)	(226,387)	-	-
Plant and equipment written off	-	639,815	-	-
Rental expenses on:				
- premises	13,463,172	19,960,723	-	-
Royalty expense	2,600,019	3,819,282	-	-
Realised gain on foreign exchange	(34,646)	(27,837)	-	-
Loss on disposal of trademark	-	735,438	-	-
Loss on disposal of subsidiaries	-	5,980,308	-	15,591,391
Gain on disposal of plant and equipment	(72,074)	(661,829)	(84,905)	-
Interest income	(284,114)	(284,942)	(143)	(245)
Reversal of impairment loss				
- trade receivables	(2,773,751)	(7,851,800)	-	-
- other receivables	(1,932,791)	(748,281)	(367,889)	-
- amount due from subsidiary companies	-	-	(1,489,000)	-

25. Loss per Share

Basic loss per ordinary share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018	**2017**
	RM	**RM**
Loss attributable to owners of the Company		
- from continuing operations	(19,196,832)	(39,292,906)
- from discontinued operation	-	(19,200,747)
	(19,196,832)	(58,493,653)
Weighted average number of ordinary shares in issue on 1 April	79,117,214	79,117,214
Effect of ordinary shares issued during the financial year	1,834,845	-
Weighted average number of ordinary shares in issue on 31 March	80,952,059	79,117,214
Basic loss per ordinary share (in sen):		
Loss from continuing operations	(23.71)	(49.66)
Loss from discontinued operations	-	(24.27)
	(23.71)	(73.93)

Diluted loss per ordinary share

The diluted loss per ordinary share is the same as the basic loss per ordinary share of the Group, as the Group has no dilutive potential ordinary shares during the current and prior financial years.

26. Employee Benefit Expenses

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Salaries, wages and others	9,877,542	13,627,062	132,000	132,000
EPF	1,184,152	1,630,711	-	-
Other related expenses	550,989	363,198	893	1,393
	11,612,683	15,620,971	132,893	133,393

The employee benefits expenses including key management personnel are disclosed in Note 27.

27. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors of the Company and certain members of senior management of the Group and of the Company.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2018 RM	**2017 RM**
Group		
Interest expenses to holding company	20,313	42,172

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		**Company**	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Directors of the Company				
Executive:				
Salaries and other emolumments	360,852	360,794	-	-
EPF	43,200	43,200	-	-
	404,052	403,994	-	-
Benefits in kind	9,900	17,400	-	-
	413,952	421,394	-	-
Non-Executive:				
Fees	132,000	132,000	132,000	132,000
	545,952	553,394	132,000	132,000

27. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel (Cont'd)

The key management personnel compensation is as follows (Cont'd):

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other Directors (on board of subsidiary companies)				
Executive:				
Salaries and other emolumments	401,104	345,588	-	-
EPF	47,928	41,280	-	-
	449,032	386,868	-	-
Benefits in kind	21,000	21,000	-	-
	470,032	407,868	-	-
Total of directors' remuneration	1,015,984	961,262	132,000	132,000
Other key management personnel				
Salaries and other emolumments	828,774	821,347	-	-
EPF	88,872	98,322	-	-
	917,646	919,669	-	-

28. Operating Lease Commitments

The future minimum lease payments under the non-cancellable operating leases are as follows:

	Group	
	2018	2017
	RM	RM
Not more than 1 year	6,316,202	6,786,821
Later than 1 year and not later than 5 years	2,910,037	2,765,207
	9,226,239	9,552,028

29. Operating Segments

(a) Operating segments information is not provided as the Group is principally engaged in wholesale, retail and distribution of ready-made casual wear, baby and children wear, lingerie and ladies wear and their related accessories which are substantially within a single business segment.

(b) Geographical information

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

(c) Major customer

There is no single customer that contributed 10% or more to the Group's revenue.

30. **Reconciliation of liabilities arising from financing activities**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

Group	**At 1 April 2017 RM**	**Financing cash flows (i) RM**	**Non-cash changes New finance lease Note 4(b) RM**	**At 31 March 2018 RM**
Finance lease payable (Note 15)	3,712	(6,537)	281,000	278,175
Islamic Medium Term Loan (Note 19)	120,000,000	(30,000,000)	-	90,000,000
Bank borrowing (Note 20)	15,417,000	(2,965,000)	-	12,452,000
	135,420,712	(32,971,537)	281,000	102,730,175

Company	**At 1 April 2017 RM**	**Financing cash flows (i) RM**	**At 31 March 2018 RM**
Finance lease payable (Note 15)	3,712	(3,712)	-

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

31. **Financial Instruments**

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Financial Assets			
2018			
Trade receivables	23,569,807	-	23,569,807
Other receivables	5,308,321	-	5,308,321
Fixed deposits with licensed banks	5,628	-	5,628
Cash and bank balances	8,615,482	-	8,615,482
Total financial assets	37,499,238	-	37,499,238
2017			
Trade receivables	37,615,108	-	37,615,108
Other receivables	8,035,424	-	8,035,424
Fixed deposits with licensed banks	5,484	-	5,484
Cash and bank balances	13,565,830	-	13,565,830
Total financial assets	59,221,846	-	59,221,846
Financial Liabilities			
2018			
Trade payables	-	13,798,423	13,798,423
Other payables	-	5,793,389	5,793,389
Amount due to holding	-	1,200,000	1,200,000
Finance lease payable	-	278,175	278,175
Islamic medium term notes	-	90,000,000	90,000,000
Bank borrowing	-	12,452,000	12,452,000
Total financial liabilities	-	123,521,987	123,521,987
2017			
Trade payables	-	16,664,613	16,664,613
Other payables	-	6,740,932	6,740,932
Amount due to holding	-	20,103,658	20,103,658
Finance lease payable	-	3,712	3,712
Islamic medium term notes	-	120,000,000	120,000,000
Bank borrowing	-	15,417,000	15,417,000
Total financial liabilities	-	178,929,915	178,929,915

31. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

Company	**Loans and receivables RM**	**Financial liabilities measured at amortised cost RM**	**Total RM**
Financial Assets			
2018			
Other receivables	1,500	-	1,500
Amount owing by subsidiary companies	568,718	-	568,718
Fixed deposits with licensed banks	5,628	-	5,628
Cash and bank balances	85,169	-	85,169
Total financial assets	661,015	-	661,015
2017			
Other receivables	1,500	-	1,500
Fixed deposits with licensed banks	5,484	-	5,484
Cash and bank balances	24,775	-	24,775
Total financial assets	31,759	-	31,759
Financial Liabilities			
2018			
Other payables	-	208,417	208,417
Amount due to subsidiary companies	-	7,299,512	7,299,512
Finance lease payable	-	-	-
Total financial liabilities	-	7,507,929	7,507,929
2017			
Other payables	-	194,081	194,081
Amount due to holding company	-	3,365,000	3,365,000
Amount due to subsidiary companies	-	22,774,045	22,774,045
Finance lease payable	-	3,712	3,712
Total financial liabilities	-	26,336,838	26,336,838

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to financial institutions and banks for credit facilities granted to certain subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks and financial institutions for credit facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and financial institutions for credit facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM102,452,000 (2017: RM135,417,000) representing the outstanding credit facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was immaterial.

31. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Group's major concentration of credit risk relates to the amounts owing by 3 customers (2017: 4 customers) which constituted approximately 42% (2017: 26%) of its trade receivables at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group' exposure to liquidity risk arises primarily from its various payables.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements and prudently balances its portfolio of short term funding requirements.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2018						
Non-derivative financial liabilities						
Trade payables	13,798,423	-	-	-	13,798,423	13,798,423
Other payables	6,075,134	-	-	-	6,075,134	6,075,134
Amount due to holding company	1,200,000	-	-	-	1,200,000	1,200,000
Finance lease payable	46,560	46,560	139,680	89,168	321,968	278,715
Islamic medium term notes	99,489,699	-	-	-	99,489,699	90,000,000
Bank borrowing	12,452,000	-	-	-	12,452,000	12,452,000
	133,061,816	46,560	139,680	89,168	133,337,224	123,804,272

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2017						
Non-derivative financial liabilities						
Trade payables	16,664,613	-	-	-	16,664,613	16,664,613
Other payables	7,131,236	-	-	-	7,131,236	7,131,236
Amount due to holding company	20,103,658	-	-	-	20,103,658	20,103,658
Finance lease payable	3,732	-	-	-	3,732	3,712
Islamic medium term notes	135,142,397	-	-	-	135,142,397	120,000,000
Bank borrowings	15,417,000	-	-	-	15,417,000	15,417,000
	194,462,636	-	-	-	194,462,636	179,320,219

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	**Total contractual cash flows RM**	**Total carrying amount RM**
Company			
2018			
Non-derivative financial liabilities			
Other payables	208,417	208,417	208,417
Amount due to subsidiary companies	7,299,512	7,299,512	7,299,512
Financial guarantees*	102,452,000	102,452,000	-
	109,959,929	109,959,929	7,507,929
2017			
Non-derivative financial liabilities			
Other payables	194,081	194,081	194,081
Amount due to subsidiary companies	22,774,045	22,774,045	22,774,045
Amount due to holding company	3,365,000	3,365,000	3,365,000
Finance lease payable	3,732	3,732	3,712
Financial guarantees*	135,417,000	135,417,000	-
	161,753,858	161,753,858	26,336,838

* Being corporate guarantees granted for credit facilities of certain subsidiary companies, which will only be encashed in the event of default by these entities.

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk through normal trading activities on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Brunei Dollar (BND) and Hong Kong Dollar (HKD). Foreign currency risk is monitored closely on an ongoing basis to ensure the net exposure is at an acceptable level.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM	**BND RM**	**HKD RM**	**Total RM**
Group				
2018				
Financial Assets				
Trade receivables	256,568	442,161	135,747	834,476
2017				
Financial Assets				
Trade receivables	-	901,432	-	901,432
Financial Liabilities				
Other payables	201,898	-	-	201,898

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency exchange risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD, BND and HKD exchange rates against RM, with all other variables held constant.

		Effect on loss before tax	
	Change in	**2018**	**2017**
Group	**currency rate**	**RM**	**RM**
USD	Strengthened 5%	(12,828)	10,095
	Weakened 5%	12,828	(10,095)
BND	Strengthened 5%	(22,108)	(45,072)
	Weakened 5%	22,108	45,072
HKD	Strengthened 5%	(6,787)	-
	Weakened 5%	6,787	-

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in market interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in market interest rate.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

	2018 RM	2017 RM
Group		
Floating rate instruments		
Financial Liabilities		
- Islamic medium term note	90,000,000	120,000,000
- Bank borrowings	12,452,000	15,417,000
	102,452,000	135,417,000
Fixed rate instruments		
Financial Liabilities		
- Finance lease payable	278,175	3,712
- Amount due to holding company	-	4,017,806
	278,175	4,021,518
Company		
Fixed rate instruments		
Financial Liabilities		
- Finance lease payable	-	3,712

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% (2017: 0.25%) interest rate at the end of the reporting period would have increased/(decreased) the Group' loss before tax by RM256,130 (2017: RM338,543) respectively, arising mainly as a result of lower/higher interest expense on floating rate financial instruments. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

31. **Financial Instruments (Cont'd)**

(c) Fair value of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents, IMTN and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

32. **Capital Management**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital using debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with regulatory requirements. The debt-to-equity ratios at end of the reporting period are as follows:

	Group	
	2018	**2017**
	RM	**RM**
Debt		
Finance lease payable	278,175	3,712
Islamic medium term notes	90,000,000	120,000,000
Bank borrowings	12,452,000	15,417,000
	102,730,175	135,420,712
Less: Fixed deposits with licensed banks	(5,628)	(5,484)
Less: Cash and bank balances	(8,615,482)	(13,565,830)
Net debt	94,109,065	121,849,398
Total Equity	144,537,309	136,164,061
Debt-to-equity ratio	0.65	0.89

There were no changes in the Group's approach to capital management during the financial year.

The Group complies with Bursa Malaysia Securities Berhad Main Market Listing Requirement to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) of more than 25% of the issued and paid up capital and maintain such shareholders' equity at not less than RM40.0 million.

33. Significant events during the financial year

On 12 December 2017, the Company entered into a Share Subscription Agreement with Trackland Sdn. Bhd. for the purpose of issuing of 37,206,586 new ordinary shares in the capital of the Company on the basis of RM0.741 per subscription share for a total subscription price of RM27,570,080.

The Proposed Share Issuance had been completed following the issuance and allotment of 37,206,586 ABB Shares which were listed and quoted on the Main Market of Bursa Securities with effect from 15 March 2018.

34. Subsequent events

On 2 July 2018, the Company announced on proposals to undertake the following:

(i) proposed renounceable rights issue of up to 116,323,800 new ordinary shares of ABB at an issue price of RM0.35 per Rights Share on the basis of one Rights Share for every one existing ABB share; and

(ii) proposed private placement of up to 46,529,520 ABB shares representing up to 20% of the enlarged issued ABB shares upon completion and assuming full subscription of the Proposed Rights Issue.

35. Date of authorisation for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 July 2018.

CERTIFIED TRUE COPY

MAK CHOOI PENG
SECRETARY
MAICSA 7017931

04 DEC 2018

ASIA BRANDS

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)
Lot 10449, Jalan Nenas, Batu 4 ½, Kampung Jawa, 41000 Klang,
Selangor Darul Ehsan.
Telephone: 03-51618822 / Fax: 03-51612728
Email: info@asiabrands.com.my

Introduction

The Board of Directors of Asia Brands Berhad is pleased to announce the unaudited financial results of the Group for the financial period ended 30 September 2018.

This interim financial statements is prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, "Interim Financial Reporting" issued by Malaysian Accounting Standards Boards ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial statements is intended to provide an update on the last annual audited financial statements, for financial year ended 31 March 2018.

This report comprises the following:

- Condensed consolidated statements of financial position
- Condensed consolidated statements of profit or loss and other comprehensive income
- Condensed statements of changes in equity
- Condensed consolidated statements of cash flow
- Explanatory notes

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position as at 30 September 2018

	Unaudited 30.9.2018 RM'000	Unaudited 30.9.2017 RM'000	Audited 31.3.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	7,918	8,176	7,351
Intangible assets	131,000	131,000	131,000
Goodwill on consolidation	26,705	30,905	26,705
Deferred tax assets	11,915	11,915	11,915
	177,538	181,996	176,971
Current assets			
Inventories	66,141	60,627	46,072
Trade receivables	23,559	39,373	23,570
Other receivables	6,426	6,497	5,873
Tax recoverable	7,226	7,233	7,253
Cash and bank balances	6,663	9,494	8,621
	110,015	123,224	91,389
TOTAL ASSETS	**287,553**	**305,220**	**268,360**
EQUITY AND LIABILITIES			
Share capital	158,001	130,431	130,431
Reserves	(11,077)	5,452	(13,463)
Shareholders' Equity	146,924	135,883	144,538
Non-Current Liabilities			
Hire purchase payables	225	-	243
Deferred tax liabilities	3	16	7
	228	16	250
Current Liabilities			
Trade payables	33,689	15,999	13,798
Other payables	6,440	6,109	6,087
Amount owing to ultimate holding	-	10,569	1,200
Hire purchase payables	36	-	35
Short term borrowings	100,236	136,644	102,452
	140,401	169,321	123,572
TOTAL LIABILITIES	**140,629**	**169,337**	**123,822**
TOTAL EQUITY AND LIABILITIES	**287,553**	**305,220**	**268,360**
Net assets per share (RM)	**1.26**	**1.72**	**1.24**

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2018 (Unaudited)

	3 months ended 30.9.2018	3 months ended 30.9.2017	Year-to-date ended 30.9.2018	Year-to-date ended 30.9.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	35,549	35,060	75,262	79,239
Cost of sales	(17,637)	(18,002)	(37,924)	(41,319)
Gross profit	17,912	17,058	37,338	37,920
Other operating income	110	316	290	463
Selling and distribution expenses	(14,507)	(16,833)	(29,590)	(32,595)
Administrative and other operation expenses	(665)	(489)	(1,553)	(1,196)
Finance costs	(1,599)	(2,038)	(3,202)	(4,050)
Profit/(Loss) before taxation	1,251	(1,986)	3,283	542
Taxation	(318)	(115)	(897)	(823)
Profit/(Loss) after taxation	933	(2,101)	2,386	(281)

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2018 (Unaudited) (cont'd)

	3 months ended 30.9.2018	3 months ended 30.9.2017	Year-to-date ended 30.9.2018	Year-to-date ended 30.9.2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	933	(2,101)	2,386	(281)
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income/(expenses)	933	(2,101)	2,386	(281)
Total comprehensive income/ (expenses) attributable to:				
Equity holders	933	(2,101)	2,386	(281)
	Sen	Sen	Sen	Sen
Earnings/(Loss) per share	0.80	(2.66)	2.05	(0.36)

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)

Condensed Statements of Changes in Equity
For the period ended 30 September 2018 (Unaudited)

	Non-distributable	Distributable	
	Share Capital RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
At 1.4.2017	130,431	5,733	136,164
Loss after taxation/ Total comprehensive expenses	-	(281)	(281)
Transaction with owners - Dividend	-	-	-
At as 30.9.2017	130,431	5,452	135,883
At 1.4.2018	158,001	(13,463)	144,538
Profit after taxation/ Total comprehensive income	-	2,386	2,386
Transaction with owners - Dividend	-	-	-
At as 30.9.2018	158,001	(11,077)	146,924

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flow for the period ended 30 September 2018 (Unaudited)

	6 months ended 30.9.2018 RM'000	6 months ended 30.9.2017 RM'000
Cash flow from operating activities		
Profit before tax	3,283	542
Adjustments for:		
Interest income	(117)	(120)
Interest expenses	3,202	4,050
Non-cash items	829	(1,935)
Operating profit before working capital changes	7,197	2,537
Net change in current assets	(20,716)	8,968
Net change in current liabilities	19,797	(2,222)
Cash generated from operations	6,278	9,283
Interest paid	(3,202)	(4,050)
Tax paid	(429)	(351)
Net cash generated from operating activities	2,647	4,882
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,289)	(767)
Interest income	117	120
Net cash used in investing activities	(1,172)	(647)
Cash flow from financing activities		
Repayment to ultimate holding company	(1,200)	(9,535)
Net (decrease)/increase in bank borrowings and hire obligations	(2,233)	1,223
Net cash used in financing activities	(3,433)	(8,312)
Net decrease in cash and cash equivalents	(1,958)	(4,077)
Cash and cash equivalents at beginning of period	8,621	13,571
Cash and cash equivalents at end of period	6,663	9,494

Cash and cash equivalents at end of period	6 months ended 30.9.2018 RM'000	6 months ended 30.9.2017 RM'000
Cash and bank balance	6,663	9,494

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)

Explanatory Notes

Explanatory notes pursuant to MFRS 134, "Interim Financial Reporting"

1. Basis of Preparation

The unaudited interim financial statements is prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, "Interim Financial Reporting" issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2018.

The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the last annual audited financial statements, for the financial year ended 31 March 2018 except for the changes arising from the adoption of the following amendments to MFRS issued by MASB that are effective for the Group's financial year beginning on 1 April 2018.

Adoption of new and amended standards
- Amendments to MFRS 107 Disclosure Initiative
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRSs 2014 – 2016 Cycle Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group.

2. Audit qualification in respect of the audit report of the Group and Company for the preceding financial statements and current status of the matter(s) giving rise to the qualification

The auditors have expressed unqualified opinion of the financial statement for the financial year ended 31 March 2018. However the auditors draw attention to the material uncertainty related to going concern due to the Group's net current liabilities which arises from reclassification on Islamic Medium Term Notes ("IMTN") to current liabilities as a result of non-compliance with financial covenants as required in IMTN.

To address the matter above, Asia Brands Berhad will be undertaking a proposed right issue and private placement exercise ("Corporate Proposals"). Details of the Corporate Proposals can be found in ABB's announcements dated 2 July 2018 and 9 July 2018. Upon the completion of this corporate exercise, the uncertainties relating to the going concern will be addressed.

3. Explanatory comments about the seasonality or cyclicality of interim operations

The Group's products cater to the consumer market and business is influenced by the state of the Malaysian economy, consumer confidence and the seasonality of promotional sales and festive seasons.

4. The nature and amount of items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their nature, size or incidence

Save for the information disclosed in this interim financial report, there are no other unusual items affecting assets, liabilities, equity, net income or cash flow.

5. The nature and amount of material changes in estimates of amounts reported in prior interim periods of the current financial year or material changes in estimates of amounts reported in prior financial year

There was no material changes in estimates of amounts reported in prior financial year.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

The Group did not issue, cancel, repurchase, resell or repay any debt or equity securities during the reporting quarter.

7. The amount of dividends paid (aggregate or per share)

There were no dividends paid by the Company during the quarter ended 30 September 2018.

8. Segmental reporting for business segment, being the Group's basis of segment reporting

Segmental reporting is not presented as we are operating in a single business segment.

9. Status of valuation of property, plant and equipment

There was no valuation of property, plant and equipment carried out during the current financial quarter.

10. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current interim period.

11. Effect of changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinuing operations

There were no changes to the composition of the Group during the financial period ended 30 September 2018.

12. Changes in contingent liabilities or contingent assets since the last annual balance sheet date

The Company's contingent liabilities in respect of corporate guarantees granted to subsidiaries for banking and financing facilities as at 30 September 2018 amounted to RM106,000,000 (31 March 2018 : RM108,000,000).

Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements of Bursa Malaysia

13. Review of performance of the Company and principal subsidiaries, setting-out material factors affecting earnings and/or revenue of the Company and Group for the financial year-to-date

The current quarter revenue period ended 30 September 2018 amounted to RM35.5 million, which was RM0.4 million or 1.1% higher than RM35.1 million for the same quarter last year. The Group recorded a pre-tax profit of RM1.3 million as compared to a pre-tax loss of RM2.0 million for the same period of the preceding year. The higher revenue and pre-tax profit were due to the better productivity over the period.

Revenue for the 6 months period ended 30 September 2018 amounted to RM75.3 million, which was RM3.9 million or 4.9% lower than RM79.2 million for the corresponding 6 months period last year. For the current 6 months period, the Group recorded pre-tax profit amounting to RM3.3 million as compared to a pre-tax profit of RM0.5 million for the corresponding 6 months period last year. The lower revenue is due to closure of non-productive outlets compare to the same period last year. The higher pre-tax profit is due to better buying and cost of goods control, lower selling & distribution expenses and lower finance costs.

14. Comparison with preceding quarter's results

The Group recorded a decrease in revenue of RM4.2 million for the current quarter ended 30 September 2018 to RM35.5 million as compared to RM39.7 million in the preceding quarter ended 30 June 2018.

The Group recorded a pre-tax profit of RM1.3 million for the current quarter ended 30 September 2018 as compared to pre-tax profit of RM2.0 million recorded for the quarter ended 30 June 2018. This is mainly due to the current quarter being a non-festive quarter.

15. Current year prospects

Action plans to close down non-performing outlets and replacing them with new and cost efficient retail formats in improving profitability and margins is on-going. With a stronger balance sheet the group looks forward to capture market opportunities and increase its market share this financial year.

We are hopeful that the overall economic outlook would continue to improve and consumer spending would follow.

16. Status of profit forecast or profit guarantee

This is not applicable to the Group.

17. Details of tax charge and an explanation of the variance between the effective and statutory tax rate for the current quarter and financial year-to-date

The tax charge comprised:

	3 months ended 30.9.2018 RM'000	**3 months ended 30.9.2017 RM'000**	**Year-to-date ended 30.9.2018 RM'000**	**Year-to-date ended 30.9.2017 RM'000**
Income tax	(320)	(119)	(901)	(832)
Over/(Under)provision - Prior year	-	-	-	-
Deferred tax	2	4	4	9
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	(318)	(115)	(897)	(823)

18. Details of purchase or disposal of unquoted securities other than securities in existing subsidiary companies and associated companies

The Group did not purchase or dispose any unquoted securities during the current reporting period.

19. Status of corporate proposals announced but not completed, which is not earlier than 7 days from the date of this report

Following the listing application submitted on 26/7/2018, Bursa had approved the proposed right issue and proposed private placement on 20/8/2018 which is subject to the conditions as stated in announcement on 21/8/2018.

20. Group borrowings and debt securities as at the end of the reporting period

Details of borrowings and debt securities as at the end of the reporting period are as follows:

	As at 30.9.2018
	RM'000
Long term borrowing	
Secured	
Term loan	-
Short term borrowings	
Secured	
Term loan	90,000
Unsecured	
Bankers' acceptances	10,236
Bank overdrafts	-
	10,236
	100,236

The Group does not have any borrowings that are denominated in foreign currency.

21. Summary of off-balance sheet financial instruments, which is not earlier than 7 days from the date of this report

The Group has not entered into any arrangements involving financial instruments.

22. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date, which is not earlier than 7 days from the date of this report

The Group does not have any material litigation.

23. Dividends

The Directors did not declare any dividend for the current reporting quarter.

24. Basis and methods of calculating earnings / (loss) per share

The basic earnings / (loss) per share is calculated by dividing the net loss attributable to shareholder by the weighted average number of ordinary shares in issue of 116,323,800 (2018 : 80,952,059) during the period.

25. Profit for the Period/Year

	3 months ended 30.9.2018 RM'000	3 months ended 30.9.2017 RM'000	Year-to-date ended 30.9.2018 RM'000	Year-to-date ended 30.9.2017 RM'000
Profit for the period is arrived at after crediting:				
Interest income	92	76	117	120
Bad debts recovered	-	36	-	66
Gain on foreign exchange-realised	-	21	-	21
and after charging:				
Interest expense	1,599	2,038	3,202	4,050
Amortisation and Depreciation	47	1,093	722	2,212
Inventories written-off	223	82	200	102
Inventories written-down	133	-	133	-
Reversal of inventories written-down	(333)	-	(333)	-
Bad debts written-off	88	-	88	64
Allowance/(Reversal) of impairment:-				
- Receivable	341	(1,682)	18	(4,247)

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 30 September 2018 (31 March 2018: N/A)

By order of the Board
Chua Siew Chuan
Company Secretary
Kuala Lumpur
15 November 2018

ASIA BRANDS

Asia Brands Berhad (22414-V)
Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa,
41000 Klang, Selangor Darul Ehsan, Malaysia.
Tel : 03-51618822 Fax : 03-51612728

Date: 29 November 2018

Registered office:

Lot 10449,
Jalan Nenas,
Batu 4½, Kampung Jawa,
41000 Klang,
Selangor Darul Ehsan

To: The Shareholders of Asia Brands Berhad ("ABB")

Dear Sir/Madam,

On behalf of the Board of Directors of ABB ("**Board**"), I wish to report that, after making due enquiries in relation to ABB and its subsidiaries ("**ABB Group**" or the "**Group**") during the period between 31 March 2018, being the date to which the last audited financial statements of ABB Group has been made up, and to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus ("**AP**"):

(a) the business of ABB Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of ABB Group, which have adversely affected the trading or the value of the assets of ABB Group;

(c) the current assets of the ABB Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in Section 8.3 in this AP, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by ABB Group;

(e) save as disclosed in Section 8.2 in this AP, there have been, since the last audited financial statements of ABB Group, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of ABB Group; and

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of ABB Group since the last audited financial statements of ABB Group.

Yours faithfully,
For and on behalf of the Board
ASIA BRANDS BERHAD

NG CHIN HUAT
GROUP MANAGING DIRECTOR

1. SHARE CAPITAL

(i) Save for the Rights Shares, no other securities will be allotted or issued on the basis of this AP later than twelve (12) months after the date of issuance of this AP.

(ii) As disclosed in Sections 1 and 7, the Private Placement will entail the issuance of up to 46,529,520 Placement Shares. For clarification purposes, the Shareholders had approved the Rights Issue and the Private Placement at an EGM held on 27 September 2018.

(iii) As at the LPD, there is only one (1) class of shares in ABB, namely ordinary shares in the share capital of our Company, all of which rank pari passu with one another.

(iv) Save as disclosed in Section 2 of Appendix II, no securities of ABB have been issued or are proposed or intended to be issued as fully paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this AP.

(v) As at the LPD, no person has been or is entitled to be granted an option to subscribe for any securities of the Company and no capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this AP.

2. REMUNERATION OF DIRECTORS

The provisions in the Articles of Association in relation to the remuneration of the Directors are as follows:

(a) The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determined, PROVIDED ALWAYS that:

   (i) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

   (ii) Salaries payable to Directors who do hold an executives office in the Company shall not include a commission on or percentage of turnover;

   (iii) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

   (iv) Any fee paid to an Alternate Directors shall be such as shall be agreed between himself and the Directors nominating him and shall be paid out of the remuneration of the latter.

(b) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of their Company including their travelling and other expenses in attending Board meetings of the Company.

(c) If any Directors being willing shall be called upon to perform extra services or to make special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors. The Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by sum to include a commission on or percentage of turnover) as may be determined by the Company in general meeting and such remuneration may either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors SUBJECT ALWAYS that any extra remuneration to a non-Executive Director shall not included a commission on or percentage of profits or turnover.

(d) No payment shall be made to any Director by way of compensation for loss of office or as consideration for or in consideration with his retirement from office unless particulars with respect to the proposed payment (including the amount thereof) have been disclosed to the members and the proposal has been approved by the Company in general meeting.

3. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, ABB Group has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this AP:

The conditional share subscription agreement dated 12 December 2017 entered into between the Company and Trackland for the issuance and allotment of 37,206,586 new ABB Shares representing approximately 31.99% of the issued share capital of ABB as at the LPD to Trackland at the cash issue price of RM0.741 per ABB Share ("**Subscription**"). The Subscription was completed on 15 March 2018.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Board confirms that neither ABB nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant or otherwise, including those pending or, threatened against ABB or any of its subsidiaries which has or would have a material and adverse effect on the financial position of the ABB Group and the Board confirms that there are no proceedings pending or threatened against ABB and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the business/ financial position of ABB or any of its subsidiaries.

5. GENERAL

(a) None of the Directors have any service contracts or proposed service contracts with the Group, excluding contracts expiring or determinable by the Group without payment or compensation (other than statutory compensation) within one (1) year from the date of this AP;

(b) The financial conditions and operations of the Group are not affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of the Group save as disclosed in Sections 5, 6 and 8 of this AP;

(ii) any material commitment for capital expenditure of the Group;

(iii) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from the Group's operations save as disclosed in Section 6 of Appendix II of this AP;

(iv) known trends or uncertainties that have had, or will have, a material favourable or unfavourable impact on revenues or operating income of the Group; and

(v) specific trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Group save as disclosed in Section 5 of this AP.

(c) The estimated expenses of the Rights Issue will be borne by our Company as disclosed under Section 4 of this AP.

6. CONSENTS

(a) The Adviser, Company Secretaries, Principal Banker, Share Registrar, Bloomberg Finance Singapore L.P. and Solicitors have given their consents to the inclusion of their names and all references thereto in the form and context in which they appear in this AP before the issuance of this AP and their consents have not been subsequently withdrawn.

(b) The Reporting Accountants have given their consent for the inclusion of their name, the Reporting Accountants' letter on the proforma consolidated statements of financial position of ABB as at 31 March 2018 and all references thereto, in the form and context in which they appear before the issuance of this AP and their consents have not been subsequently withdrawn.

(c) The Auditors have given their consent for the inclusion of their name, the Independent Auditor's Report relating to the audited consolidated financial statements of ABB for the FYE 31 March 2018 and all references thereto, in the form and context in which they appear before the issuance of this AP and their consents have not been subsequently withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from Mondays to Fridays (except public holidays) at the Registered Office at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan for a period of twelve (12) months from the date of this AP:

(i) the M&A of ABB;

(ii) the proforma consolidated statements of financial position of ABB as at 31 March 2018 together with the Reporting Accountants' letter thereon referred to in Appendix III of this AP;

(iii) the audited consolidated financial statements of ABB and its subsidiaries for the past two (3) FYE 31 March 2017 and FYE 31 March 2018 and the latest unaudited consolidated quarterly report of ABB for the six (6) months FPE 30 September 2018 as set out in Appendix IV and V of this AP;

(iv) Directors' Report referred to in Appendix VI of this AP;

(v) the material contract referred to in Section 3 above;

(vi) the irrevocable undertaking letters from the Undertaking Shareholders referred to in Section 2.4 of this AP; and

(vii) the letters of consent referred to in Section 6 above.

8. RESPONSIBILITY STATEMENT

The Documents have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given in these Documents and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any information or statement in the Documents false or misleading.

IPS being the Adviser for the Rights Issue acknowledges that, based on all available information, and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.

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NOTICE OF PROVISIONAL ALLOTMENT

The Provisional Rights Shares (as defined herein) are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and as amended from time to time ("**SICDA**") and therefore the SICDA and the Rules of Bursa Malaysia Depository Sdn Bhd (165570-W) ("**Bursa Depository**") shall apply in respect of dealings in the Provisional Rights Shares. Terms defined in the Abridged Prospectus of Asia Brands Berhad dated 12 December 2018 ("**AP**") shall have the same meanings where used in this notice of provisional allotment ("**NPA**") unless otherwise defined here or the context otherwise requires.

ASIA BRANDS

ASIA BRANDS BERHAD
(Company No. 22414-V)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 116,323,800 NEW ORDINARY SHARES OF ASIA BRANDS BERHAD ("ABB" OR THE "COMPANY") ("ABB SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.35 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ABB SHARE HELD BY THE ENTITLED SHAREHOLDERS OF ABB AS AT 5.00 P.M. ON 12 DECEMBER 2018 WITH A MINIMUM SUBSCRIPTION LEVEL OF 86,130,321 RIGHTS SHARES

Adviser

INTER-PACIFIC
SECURITIES SDN. BHD.
(12738-U)
A Participating Organisation of Bursa Malaysia Securities Berhad
A Trading Participant of Bursa Malaysia Derivatives Berhad

To: Entitled shareholders of ABB

Dear Sir/Madam,

The Board of Directors of ABB ("**Board**") has provisionally allotted to you, in accordance with the resolution passed at the extraordinary general meeting ("**EGM**") convened on 27 September 2018 and the approval of Bursa Malaysia Securities Berhad (635998-W) ("**Bursa Securities**") via its letter dated 20 August 2018, the number of Rights Shares as indicated below ("**Provisional Rights Shares**").

We wish to advise that the number of Provisional Rights Shares in respect of the Rights Issue has been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s) subject to the terms and conditions stated in the AP and the Rights Subscription Form ("**RSF**") dated 12 December 2018 issued by ABB.

The Provisional Rights Shares is made subject to the provisions in the AP issued by ABB. Bursa Securities has already prescribed the securities of ABB listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, all dealing in the Provisional Rights Shares will be by way of book entry through CDS account(s) and will be governed by the SICDA and the Rules of Bursa Depository.

ALL RIGHTS SHARES TO BE ISSUED PERSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNT(S) OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/ TRANSFEREE(S) (IF APPLICABLE).

NO PHYSICAL SHARE CERTIFICATE WILL BE ISSUED.

The Board reserves the rights to allocate the Excess Rights Shares, if any, in a fair and equitable manner, in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
(iii) thirdly, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of the Excess Rights Shares applied for; and
(iv) lastly, for allocation to renouncee(s)/ transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of the Excess Rights Shares applied for.

After the above sequence of allocations is completed, any balance of Excess Rights Shares will be allocated again through steps (ii)-(iv) above until all Excess Rights Shares are fully allocated.

Nevertheless, the Board reserves the rights to allot any Excess Rights Shares applied for under Part I (B) of the RSF in such manner as they in their absolute discretion deems fit and expedient and in the best interest of the Company, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out above is achieved. The Board also reserves the rights not to accept or to accept any application for Excess Rights Shares, in full or in part, without assigning any reason thereof.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF ABB SHARES HELD AT 5.00 P.M. ON 12 DECEMBER 2018	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.35 PER RIGHTS SHARE (RM)

IMPORTANT RELEVANT DATES AND TIME

Entitlement Date	: Wednesday, 12 December 2018, 5.00 p.m
Last date and time for sale of Provisional Rights Shares	: Wednesday, 19 December 2018, 5.00 p.m.
Last date and time for transfer of Provisional Rights Shares	: Monday, 24 December 2018, 4.00 p.m.
Last date and time for acceptance and payment	: Friday, 28 December 2018, 5.00 p.m.
Last date and time for excess application and payment	: Friday, 28 December 2018, 5.00 p.m.

By Order of the Board
CHUA SIEW CHUAN (MAICSA 0777689)
MAK CHOOI PENG (MAICSA 7017931)
Company Secretaries

Share Registrar
Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel No: 03- 2084 9000
Fax No: 03- 2094 9940

THE NOTICE OF PROVISIONAL ALLOTMENT IS DATED 12 DECEMBER 2018

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 12 DECEMBER 2018 ("AP") SHALL HAVE THE SAME MEANING WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") UNLESS STATED OTHERWISE. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE PROVISIONAL RIGHTS SHARES AND APPLYING FOR EXCESS RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE (AS DEFINED HEREIN) OF ASIA BRANDS BERHAD. ENTITLED SHAREHOLDERS AND/OR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) SHOULD READ AND UNDERSTAND THE NOTES AND INSTRUCTIONS AS SET OUT IN THIS RSF AND THE CONTENTS OF THE AP BEFORE COMPLETING THIS RSF. THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT AS WELL AS EXCESS APPLICATION AND PAYMENT IS 5.00 P.M. ON 12 DECEMBER 2018. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF HIS/HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

ASIA BRANDS

ASIA BRANDS BERHAD

(Company No. 22414-V)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 116,323,800 NEW ORDINARY SHARES OF ASIA BRANDS BERHAD ("ABB" OR THE "COMPANY") ("ABB SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.35 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ABB SHARE HELD BY THE ENTITLED SHAREHOLDERS OF ABB AS AT 5.00 P.M. ON 12 DECEMBER 2018 WITH A MINIMUM SUBSCRIPTION LEVEL OF 86,130,321 RIGHTS SHARES

To: The Board of Directors of ABB

PART I - ACCEPTANCE OF THE RIGHTS SHARES AND EXCESS RIGHTS SHARES APPLICATION

In accordance with the terms of this RSF and the AP, I/we# hereby irrevocably:
(a) accept the number of Provisional Rights Shares as stated below which were provisionally allotted/renounced to me/us#;
(b) apply the number of Excess Rights Shares as stated below in addition to my/our# acceptance of (a) below;

in accordance with and subject to the Constitution of the Company.

I/We# enclose herewith the appropriate remittances(s)/reference for payment as stated below and crossed "**ACCOUNT PAYEE ONLY**", being the full amount payable for the said number of Rights Shares accepted/applied for and/or Excess Rights Shares applied for, and hereby request for the said Rights Shares to be credited into my/our# valid and subsisting CDS account as stated below:

NUMBER OF RIGHTS SHARES ACCEPTED/EXCESS RIGHTS SHARES APPLIED FOR		AMOUNT PAYABLE BASED ON RM0.35 PER RIGHTS SHARE (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(a) ACCEPTANCE				**ABB RIGHTS ISSUE ACCOUNT**
(b) EXCESS				**ABB EXCESS RIGHTS ISSUE ACCOUNT**

Note: *If you have subsequently purchased additional Provisional Rights Shares from the open market, you should indicate your acceptance of the total Rights Shares that you have standing to the credit in your CDS account under Part I (A).*

CDS ACCOUNT NO.: _ _ _ - _ _ _ - _ _ _ _ _ _ _ _ _

PART II - DECLARATION

NAME AND ADDRESS OF APPLICANT (in block letters as per the record of Bursa Depository)

NRIC NO./
PASSPORT NO. (STATE COUNTRY)**/**
COMPANY NO.

I/We# hereby confirm and declare that:

(i) All information provided by me/us# is true and correct;
(ii) All information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my/our# rights may be rejected; and
- I am 18 years of age or over.
- I am/We are# resident(s) of Malaysia.
- I am/We are# resident(s) of ………………………………. (country) and having …………………………………. citizenship.
- I am/We are# nominee(s) of a person who is a Bumiputera/Non-Bumiputera/Non-Citizen# resident in ………………….. (country) and having ………………….. citizenship.

I/ We* consent to the Company and the Share Registrar collecting the information and personal data (collectively, "Data") required herein, to process and disclose such Data to any person for the purpose of implementing the Rights Issue and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulation.

I/We# have read and understood and hereby accept all the terms and conditions as set out in this RSF and the AP dated 12 December 2018 and further confirm compliance with all the requirements for acceptance as set out therein.

AFFIX MALAYSIAN REVENUE STAMP OF RM10.00 HERE

Date

Signature/Authorised Signatory(ies)
(Corporate bodies must affix their Common Seal)

Contact telephone number during office hours

LAST DATE AND TIME FOR:
Acceptance and payment for the Rights Shares ………………………… : Friday, 28 December 2018, 5.00 p.m.
Excess application and payment ………………………… : Friday, 28 December 2018, 5.00 p.m.

NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE CAPITAL MARKETS & SERVICES ACT, 2007 ("CMSA"), THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE AP.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY. ALL ENQUIRIES CONCERNING THE RIGHTS ISSUE SHOULD BE ADDRESSED TO THE SHARE REGISTRAR AT SECURITIES SERVICES (HOLDINGS) SDN. BHD. (COMPANY NO. 36869-T), LEVEL 7, MENARA MILENIUM, JALAN DAMANLELA, PUSAT BANDAR DAMANSARA, DAMANSARA HEIGHTS, 50490 KUALA LUMPUR. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE AP TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.

The documents relating to the Rights Issue are only despatched to the entitled shareholders of ABB who have a registered address in Malaysia and whose names appear in our Record of Depositors at 5.00 p.m. on 12 December 2018. The documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue and the AP, NPA and RSF ("**Documents**") comply with the laws of countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who are residing in countries or jurisdictions other than Malaysia to immediately consult their legal advisers and other professional adviser as to whether the acceptance, renunciation, sale or transfer of the Provisional Rights Shares (as the case may be), would result in the contravention of any laws of such countries or jurisdictions

Neither the Company nor Inter-Pacific Securities Sdn. Bhd. shall accept any responsibility or liability whatsoever to any party in the event that any acceptance, renunciation, sale or transfer of the Provisional Rights Shares (as the case may be) made by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) is a resident.

The AP has been registered by the SC. The registration of the AP should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in the AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents. Approval for the Rights Issue has been obtained from the shareholders of ABB at the EGM held on 27 September 2018. Approval has been obtained from Bursa Securities on 20 August 2018 for the admission of the Rights Shares to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

The Board has seen and approved all the Documents relating to the Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

The provisionally allotted Rights Shares are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991, as amended from time to time ("**SICDA**") and therefore, the SICDA and the Rules of the Bursa Depository shall apply in respect of dealings in the Provisional Rights Shares.

Unless otherwise stated, the unit of currency used in this RSF is RM and sen. Terms defined in the AP shall have the same meaning when used in this RSF, unless stated otherwise or the context otherwise requires.

INSTRUCTIONS:

(I) LAST DATE AND TIME FOR ACCEPTANCE, APPLICATION AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 28 December 2018.

If acceptance and payment for the Rights Shares is not received by the Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur by 5.00 p.m. on 28 December 2018, such Rights Shares will be deemed to have been declined and will be canceled. The Board will then have the right to allot the Rights Shares not taken up to applicants applying for Excess Rights Shares in the manner set out in (III) below.

(II) FULL OR PART ACCEPTANCE OF THE RIGHTS SHARES

The Rights Shares are renounceable in full or in part. If you wish to accept all or part of your entitlement to the Rights Shares, you may do so by completing Parts I (A) and II of this RSF and forwarding this RSF, together with the appropriate remittance(s) in RM in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia made payable to "**ABB RIGHTS ISSUE ACCOUNT**" and crossed **"ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number and your CDS Account number** for the full amount payable for the Rights Shares accepted, to be received by the Share Registrar at the address above not later than 5.00 p.m. on 28 December 2018. Any excess or insufficient payment and other than in the manner stated in this RSF may be rejected at the absolute discretion of the Board. Cheques or any other mode of payments not prescribed herein are not acceptable.

No acknowledgement will be issued by the Company or the Share Registrar for the receipt of this RSF or the application monies in respect of the Rights Issue. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. However, if your application is successful, the Rights Shares shall be credited into your CDS Account and a notice of allotment will be despatched to you by ordinary post to the address as stated in the Record of Depositors at your own risk within eight (8) Market Days from the last date and time for acceptance of and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities.

You should note that all RSF and remittances lodged with the Share Registrar will be irrevocable and cannot be subsequently withdrawn. In respect of unsuccessful or partially accepted applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within fifteen (15) Market Days from the last date of acceptance and payment for the Rights Shares.

(III) APPLICATION FOR EXCESS RIGHTS SHARES

If you wish to apply for additional Rights Shares in excess of those provisionally allotted to you, you may do so by completing Part I (B) of this RSF (in addition to Parts I (A) and II of this RSF) and forwarding this RSF, together with a SEPARATE remittance in RM in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia made payable to "**ABB EXCESS RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and **endorsed on the reverse side with your name in block letters, contact number and your CDS Account number** for the full amount payable for the Excess Rights Shares applied for, to be received by the Share Registrar at the address above not later than 5.00 p.m. on 28 December 2018. Any excess or insufficient payment and other than in the manner stated in this RSF may be rejected at the absolute discretion of the Board. Cheques or any other mode of payments not prescribed herein are not acceptable.

No acknowledgement will be issued by the Company or the Share Registrar for the receipt of the Excess Rights Shares application or the application monies in respect thereof. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. However, if your application is successful, the Excess Rights Shares shall be credited into your CDS Account and a notice of allotment will be despatched to you by ordinary post to the address as stated in the Record of Depositors at your own risk within eight (8) Market Days from the last date and time for application and payment for the Excess Rights Shares or such other period as may be prescribed by Bursa Securities. You should note that all RSF and remittances lodged with the Share Registrar will be irrevocable and cannot be subsequently withdrawn. In respect of unsuccessful or partially successful Excess Rights Shares applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest and shall be despatched to you by ordinary post to the address as stated in the Record of Depositors at your own risk within fifteen (15) Market Days from the last date and time for application and payment for the Excess Rights Shares.:

The Board reserves the rights to allocate the Excess Rights Shares, if any, in a fair and equitable manner, in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
(iii) thirdly, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of the Excess Rights Shares applied for; and
(iv) lastly, for allocation to renouncee(s)/ transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of the Excess Rights Shares applied for.

After the above sequence of allocations is completed, any balance of Excess Rights Shares will be allocated again through steps (ii)-(iv) above until all Excess Rights Shares are fully allocated.

Nevertheless, the Board reserves the rights to allot any Excess Rights Shares applied for under Part I (B) of the RSF in such manner as they in their absolute discretion deems fit and expedient and in the best interest of the Company, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out above is achieved. The Board also reserves the rights not to accept or to accept any application for Excess Rights Shares, in full or in part, without assigning any reason thereof.

(IV) SALE/TRANSFER OF PROVISIONAL RIGHTS SHARES

As an Entitled Shareholder, you may wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more person(s) immediately through your stockbroker(s) without first having to request for a split of the Provisional Rights Shares standing to the credit of your CDS Account(s). To sell/transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Rights Shares.

In selling/transferring all or part of your entitlement to the Provisional Rights Shares, you need not deliver any document, including this RSF, to your stockbroker(s). You are however, advised to ensure that there is sufficient Rights Shares standing to the credit of your CDS Account(s) for settlement of the sale/transfer. Purchaser(s) of the Provisional Rights Shares may obtain a copy of the AP and this RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), the Registered Office or the Share Registrar.

If you have sold/transferred only part of your entitlement to the Provisional Rights Shares, you may still accept the balance of your entitlement to the Provisional Rights Shares by completing Parts I (A) and II of this RSF and forwarding this RSF together with the appropriate remittance for the full amount payable for the balance of the Provisional Rights Shares accepted to the Share Registrar in accordance with the instructions as set out in Note (ii) of this RSF.

(V) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their respective Common Seals.
(b) Rights Shares subscribed by the entitled shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be credited into their respective CDS accounts as shown in the Record of Depositors.
(c) Any interest or other benefit accruing on or arising from or in connection with any remittance shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from the acceptance of the Rights Shares and the Excess Rights Shares applied by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the Courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
(e) The Company reserves the rights not to accept or to accept any acceptance and/or application (if applicable) if the instructions stated hereinabove are not strictly adhered to.
(f) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on this RSF.
(g) Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), should note that the RSF and remittances lodged with ABB's Share Registrar shall be irrevocable and cannot be subsequently withdrawn.