



Asia Brands Berhad (22414-V)

(Incorporated in Malaysia)

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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 31 March 2014.

This interim financial report is prepared in accordance with Financial Reporting Standard 134, "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report is intended to provide an update on the last annual audited financial statements, for financial period ended 31 March 2013.

This report comprises the following:

- Condensed consolidated statements of financial position
- Condensed consolidated statements of 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 31 March 2014

	Unaudited	Audited
	31.3.2014	31.3.2013
	RM'000	RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	22,501	19,826
Intangible assets	138,238	138,238
Goodwill on consolidation	33,284	33,284
Deferred tax assets	47	731
	194,070	192,079
Current assets		
Inventories	177,313	142,899
Trade receivables	58,011	57,151
Other receivables	17,920	17,347
Tax recoverable	1,925	3,947
Cash and bank balances	10,302	40,539
	265,471	261,883
Non-current assets classified as held for sale	-	5,235
	265,471	267,118
TOTAL ASSETS	459,541	459,197
 <u>EQUITY AND LIABILITIES</u>		
Share capital	79,117	71,925
Share premium	51,313	35,494
Reserves	111,615	84,342
Shareholders' Equity	242,045	191,761
Non-Current Liabilities		
Long Term Borrowing	98,750	158,000
Hire purchase payables	46	66
Deferred tax liabilities	552	168
	99,348	158,234
Current Liabilities		
Trade payables	25,930	18,084
Other payables	9,920	16,715
Hire purchase payables	20	19
Short term borrowings	78,839	74,144
Bank overdraft	3,439	-
	118,148	108,962
Liabilities directly associated with assets classified as held for sale	-	240
	118,148	109,202
TOTAL LIABILITIES	217,496	267,436
TOTAL EQUITY AND LIABILITIES	459,541	459,197
Net assets per share (RM)	3.06	2.67

Asia Brands Berhad (22414-V)
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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2014 (Unaudited)

	3 months ended 31.3.2014	3 months ended 31.3.2013	Year-to-date ended 31.3.2014	Year-to-date ended 31.3.2013
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	76,665	81,865	320,464	188,875
Cost of sales	(35,614)	(41,833)	(153,484)	(100,047)
Gross profit	41,051	40,032	166,980	88,828
Other operating income	234	288	9146	736
Selling and distribution expenses	(28,618)	(21,553)	(116,376)	(53,327)
Administrative and other operation expenses	(1,780)	(1,590)	(8,018)	(8,803)
Finance costs	(2,613)	(3,302)	(9,725)	(3,889)
Profit before taxation	8,274	13,875	42,007	23,545
Taxation	(1,157)	(3,235)	(11,767)	(6,163)
Profit/(Loss) from continuing operations, net of tax	7,117	10,640	30,240	17,382
<u>Discontinued Operation</u>				
Profit/(Loss) from Discontinued operation, net of tax	-	(296)	-	(182)
Profit after taxation	7,117	10,344	30,240	17,200

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2014 (Unaudited) (cont'd)

	3 months ended 31.3.2014	3 months ended 31.3.2013	Year-to-date ended 31.3.2014	Year-to-date ended 31.3.2013
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	7,117	10,344	30,240	17,200
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income	<u>7,117</u>	<u>10,344</u>	<u>30,240</u>	<u>17,200</u>
Total comprehensive income attributable to:				
Equity holders	<u>7,117</u>	<u>10,344</u>	<u>30,240</u>	<u>17,200</u>
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	<u>9.18</u>	<u>19.95</u>	<u>38.99</u>	<u>33.17</u>

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Condensed Statements of Changes in Equity
For the period ended 31 March 2014 (Unaudited)

	← Non-distributable →				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Retained profits RM'000	
At 1.4.2012	41,787	1,356	-	-	68,709	111,852
Issuance of ordinary share capital	30,138	34,138	-	-	-	64,276
Total comprehensive income	-	-	-	-	17,200	17,200
Transaction with owners - Dividend	-	-	-	-	(1,567)	(1,567)
At as 31.3.2013	<u>71,925</u>	<u>35,494</u>	<u>-</u>	<u>-</u>	<u>84,342</u>	<u>191,761</u>
At 1.4.2013	71,925	35,494	-	-	84,342	191,761
Issuance of ordinary share capital	7,192	16,543	-	-	-	23,735
Share issuance expenses	-	(724)	-	-	-	(724)
Total comprehensive income	-	-	-	-	30,240	30,240
Transaction with owners - Dividend	-	-	-	-	(2,967)	(2,967)
At as 31.3.2014	<u>79,117</u>	<u>51,313</u>	<u>-</u>	<u>-</u>	<u>111,615</u>	<u>242,045</u>

Asia Brands Berhad (22414-V)
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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2014 (Unaudited)**

	12 months ended 31.3.2014 RM'000	12 months ended 31.3.2013 RM'000
Cash flow from operating activities		
Profit before tax from continuing operations	42,007	23,545
Profit before tax from discontinued operation	-	(182)
	<u>42,007</u>	<u>23,363</u>
Adjustments for:		
Interest expenses		
- Continuing operations	9,725	3,889
Non-cash items	(3,251)	(3,656)
	<u>48,481</u>	<u>23,596</u>
Operating profit before working capital changes	48,481	23,596
Net change in current assets	(32,264)	2,999
Net change in current liabilities	2,600	(1,741)
Cash from operations	<u>18,817</u>	<u>24,854</u>
Interest paid		
- Continuing operations	(2,805)	(1,322)
Tax paid	(10,883)	(7,910)
Net cash from operating activities	<u>5,129</u>	<u>15,622</u>
Cash flow from/(for) investing activities		
Purchase of property, plant and equipment		
- Continuing operations	(10,639)	(9,068)
- Discontinued operations	-	(113)
Acquisition of subsidiary	632	(238,856)
(Advance to)/Repayment from related parties	223	313
(Advance to)/Repayment from holding / related company on acquisition of subsidiaries	-	49,658
Interest income	567	334
Proceeds from disposal of property, plant and equipment and investment property		
- Continuing operations	12,253	941
Proceeds from disposal of other investment		
- Continuing operations	-	2,140
Net cash from/(for) investing activities	<u>3,036</u>	<u>(194,651)</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2014 (Unaudited) (cont'd)**

	12 months ended 31.3.2014 RM'000	12 months ended 31.3.2013 RM'000
Cash flow (for)/from financing activities		
Net proceeds from issuance of ordinary shares	23,011	64,276
(Repayment to)/Advance from holding / related companies on subsidiaries acquired	(391)	(42,449)
(Repayment to)/Advance from related parties	-	(9,886)
Net increase/(decrease) in bank borrowings and hire purchase obligations	(54,574)	188,965
Interest paid	(6,920)	(2,567)
Dividends paid	(2,967)	(1,567)
Net cash (for)/from financing activities	(41,841)	196,772
Net (decrease)/increase in cash and cash equivalents	(33,676)	17,743
Cash and cash equivalents at beginning of period	40,539	22,796
Cash and cash equivalents at end of period	6,863	40,539
	12 months ended 31.3.2014 RM'000	12 months ended 31.3.2013 RM'000
<u>Cash and cash equivalents at end of period</u>		
Continuing operations:-		
Cash and bank balance	10,302	40,539
Bank overdraft	(3,439)	-
	6,863	40,539

Asia Brands Berhad (22414-V)
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Explanatory Notes

Explanatory notes pursuant to MFRS 134 , “Interim Financial Reporting”

1. Basis of preparation

This interim financial report is prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the financial period ended 31 March 2013, except for the adoption of the following new MFRS, Amendments to MFRSs and Interpretation with effect from 1 April 2013 where applicable:-

MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurements	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7: Disclosures-Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 : Transition Guidance	1 January 2013
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 – 2011 Cycle	1 January 2013

The adoption of the new MFRS, Amendments to MFRSs and Interpretation does not have significant impact on the interim financial report 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 audit report in respect of the financial statements of the Group and the Company for the financial period ended 31 March 2013 was not qualified.

3. Explanatory comments about the seasonality 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

On 27/5/2013 the Company announced the proposed private placement of up to ten percent (10%) of the issued and paid-up capital to third party investor(s).

The entire exercise was completed on 19/6/2013 by issuance of 7,192,400 units of new shares at an issue price of RM3.30 per share.

Issued and paid up share capital subsequent to the issuance of the said shares is 79,117,214 of RM1.00 each.

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

A final dividend of 5% less income tax amounted to RM2,966,895.64 was paid in October 2013 for financial year ended 31 March 2013 (31 March 2012 : 5% less income tax amounted to RM1,567,020.00).

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

Anakku Sdn. Bhd. and B.U.M. Marketing (Malaysia) Sdn. Bhd., both are wholly-owned subsidiary of the Company, had on 1/4/2013, acquired two(2) Ordinary Share of RM1.00 each fully paid-up for RM2.00, representing 100% equity interest in Baby Palace Sdn. Bhd. and Generasi Cerdas Sdn. Bd. (Formerly known as MUFC Lifestlye Sdn. Bhd.) respectively.

On 27/11/2013, B.U.M. Marketing (Malaysia) Sdn. Bhd., had acquired two(2) Ordinary Share of RM1.00 each, representing 100% equity interest in Generasi Fesyen Aktif Sdn. Bhd. (GFASB).

On 1/4/2014, Asia Brands Berhad had disposed off the entire shares held in its wholly-owned subsidiary company, B.U.M. Holdings (M) Sdn. Bhd. comprising 1,000,000 Ordinary Shares of RM1.00 each, representing 100% equity interest to Anakku Sdn. Bhd., another wholly-owned subsidiary of the Company.

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 31 March 2014 amounted to RM 101,160,000 (31 March 2013 : RM104,410,000).

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

Performance review for the quarter

Revenue for the current quarter period ended 31 March 2014 amounted to RM76.7 million, which was RM5.2 million or 6.4% lower than RM81.9 million for the same quarter last year.

For the current quarter, the Group recorded a pre-tax profit of RM8.3 million, as compared to a pre-tax profit of RM13.9 million for the same period of the preceding year.

A generally weaker consumer sentiment this year affected spending during the quarter in review resulting in the Group's lower revenue and pre-tax profit compared to last year.

Performance review for the financial year to date

Revenue for the 12 months period ended 31 March 2014 amounted to RM320.5 million, which was RM131.6 million or 69.7% higher, compared to RM188.9 million for the corresponding 12 months period last year.

For the current 12 months period, the Group recorded a pre-tax profit amounting of RM42.0 million, 78.7% higher, compared to RM23.5 million for the corresponding 12 months period last year.

The Group's higher revenue and pre-tax profit benefitted from the acquisition of Asia Brands Corporation Berhad subsidiaries which were consolidated to the Group effective from December 2012. The result was also aided by a one-off gain from disposal of properties reported under other income.

14. Comparison with preceding quarter's results

The Group recorded a decrease in revenue of RM7.0 million for the current quarter ended 31 March 2014 to RM76.7 million as compared to RM83.7 million in the preceding quarter ended 31 December 2013.

The Group recorded a pre-tax profit of RM8.3 million for the current quarter ended 31 March 2014 as compared to the pre-tax profit of RM12.1 million recorded for the quarter ended 31 December 2013 respectively.

The lower revenue and pre-tax profit achieved in the current quarter as compared to preceding quarter was due to seasonal fluctuations in sales.

15. Current year prospects

With an extensive portfolio of more than 30 brands, the Group continues to benefit from increased market share, cost savings from customer and supplier synergy.

We are expecting challenges ahead with rising cost of living and the uncertainly effect of the 6% GST implementation in 2015 but we remained positive in the overall economy of Malaysia. As such, the Group shall proceed with its business plan to respond to the current economic environment.

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 31.3.2014 RM'000	3 months ended 31.3.2013 RM'000	Year-to-date ended 31.3.2014 RM'000	Year-to-date ended 31.3.2013 RM'000
Income tax	(613)	(4,121)	(9,560)	(7,011)
Over/(Under)provision - Prior year	-	4	(1,139)	226
Deferred tax	(544)	882	(1,068)	622
	----- (1,157) =====	----- (3,235) =====	----- (11,767) =====	----- (6,163) =====

The Group's effective tax rate is higher than the statutory tax rate of 25%, mainly due to under provision of taxation in prior year for non-deductible expenses and balancing charge on assets disposal and inter-company assets transferred.

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

The Group does not have any corporate proposals announced but not completed.

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 31.3.2014 RM'000
Long term borrowings	
Secured	
Term loan	<u>98,750</u>
Short term borrowings	
Secured	
Term loan	17,250
Unsecured	
Bankers' acceptances	61,589
	<u><u>78,839</u></u>

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

Suit No. D2-22-58-2002 between Bontton Sdn Bhd and Diesel Marketing Sdn Bhd ("Plaintiffs") against Apcott PP (M) Sdn Bhd ("Apcott") and Diesel S.P.A. ("Defendants")

The Plaintiffs have filed their Reply and Defence to Counter-Claim of the Defendants. The matter is now pending the filing of the Reply to Defence to Counter-Claim by the Defendants. Thereafter pleadings will be deemed close and both parties will then proceed to discovery.

This is currently pending trial date set by the high court to complete the discovery.

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 profit attributable to shareholders by the weighted average number of ordinary shares in issue of 77,560,502 (2013 : 51,860,593) during the period.

25. Disclosure of realised and unrealised profit

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing requirements. The directive required all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. The breakdown of the retained profits of the group as at 31 March 2014, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 31.3.2014 RM'000
Total retained earnings of the Group	
- Realised	160,039
- Unrealised	<u>(505)</u>
	159,534
Consolidated adjustments	(47,919)
Total retained earnings as per condensed consolidated statement of changes in equity	<u><u>111,615</u></u>

26. Profit/(Loss) for the Period/Year

	3 months ended 31.3.2014 RM'000	3 months ended 31.3.2013 RM'000	Year-to-date ended 31.3.2014 RM'000	Year-to-date ended 31.3.2013 RM'000
Profit/(Loss) for the period is arrived at after crediting:				
Interest income	136	26	643	334
Gain on foreign exchange-realised	6	4	10	5
Gain on disposal of property, plant and equipment	-	4	7,178	115
Negative goodwill	-	-	1,172	-
and after charging:				
Interest expense	2,613	3,302	9,725	3,889
Amortisation and Depreciation	1,983	1,746	7,885	3,999
Inventories written-off / (write back)	(684)	540	(488)	577
Allowance/(Reversal) of impairment:-				
- Property, plant and equipment	-	(564)	-	(829)
- Receivable	(6)	(6,376)	(955)	(6,300)
- Deposit	-	-	-	(80)
- Inventories	(1,481)	1,636	(1,481)	(1,326)
Loss on foreign exchange-unrealised	-	-	1	1
Loss on disposal of property, plant and equipment	17	203	483	352
Property, plant and equipment written-off	10	360	117	765

There were no gain or loss on derivatives or exceptional items for current quarter and financial period to-date 31 March 2014 (31 March 2013: N/A)

By order of the Board

Chua Siew Chuan
Company Secretary
Kuala Lumpur
29 May 2014