



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 30 June 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 year ended 31 March 2014.

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 June 2014

| | Unaudited 30.6.2014 RM'000 | Audited 31.3.2014 RM'000 |
|--|---|---|
| <u>ASSETS</u> | | |
| Non-current assets | | |
| Property, plant and equipment | 22,412 | 22,501 |
| Intangible assets | 138,238 | 138,238 |
| Goodwill on consolidation | 33,284 | 33,284 |
| Deferred tax assets | 273 | 47 |
| | 194,207 | 194,070 |
| Current assets | | |
| Inventories | 199,024 | 177,924 |
| Trade receivables | 67,178 | 58,011 |
| Other receivables | 19,644 | 17,920 |
| Tax recoverable | 2,032 | 1,923 |
| Cash and bank balances | 13,743 | 10,302 |
| | 301,621 | 266,080 |
| TOTAL ASSETS | 495,828 | 460,150 |
| <u>EQUITY AND LIABILITIES</u> | | |
| Share capital | 79,117 | 79,117 |
| Share premium | 51,313 | 51,313 |
| Reserves | 119,438 | 112,187 |
| Shareholders' Equity | 249,868 | 242,617 |
| Non-Current Liabilities | | |
| Long Term Borrowing | 93,500 | 98,750 |
| Hire purchase payables | 41 | 46 |
| Deferred tax liabilities | 552 | 552 |
| | 94,093 | 99,348 |
| Current Liabilities | | |
| Trade payables | 43,498 | 25,970 |
| Other payables | 12,118 | 9,917 |
| Hire purchase payables | 20 | 20 |
| Short term borrowings | 96,231 | 82,278 |
| | 151,867 | 118,185 |
| TOTAL LIABILITIES | 245,960 | 217,533 |
| TOTAL EQUITY AND LIABILITIES | 495,828 | 460,150 |
| Net assets per share (RM) | 3.16 | 3.07 |

Asia Brands Berhad (22414-V)
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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2014 (Unaudited)

| | 3 months ended 30.6.2014 | 3 months ended 30.6.2013 | Year-to-date ended 30.6.2014 | Year-to-date ended 30.6.2013 |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 79,782 | 69,993 | 79,782 | 69,993 |
| Cost of sales | <u>(36,359)</u> | <u>(34,898)</u> | <u>(36,359)</u> | <u>(34,898)</u> |
| Gross profit | 43,423 | 35,095 | 43,423 | 35,095 |
| Other operating income | 6,790 | 8,144 | 6,790 | 8,144 |
| Selling and distribution expenses | (29,299) | (25,146) | (29,299) | (25,146) |
| Administrative and other operation expenses | (8,845) | (2,186) | (8,845) | (2,186) |
| Finance costs | (1,991) | (2,169) | (1,991) | (2,169) |
| Profit before taxation | <u>10,078</u> | <u>13,738</u> | <u>10,078</u> | <u>13,738</u> |
| Taxation | (2,827) | (2,404) | (2,827) | (2,404) |
| Profit after taxation | <u><u>7,251</u></u> | <u><u>11,334</u></u> | <u><u>7,251</u></u> | <u><u>11,334</u></u> |

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2014 (Unaudited) (cont'd)

| | 3 months ended 30.6.2014 | 3 months ended 30.6.2013 | Year-to-date ended 30.6.2014 | Year-to-date ended 30.6.2013 |
|--|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(Loss) for the period | 7,251 | 11,334 | 7,251 | 11,334 |
| Other comprehensive income: | | | | |
| Available for sale (AFS) Investments fair value movement | - | - | - | - |
| Total comprehensive income | <u>7,251</u> | <u>11,334</u> | <u>7,251</u> | <u>11,334</u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders | <u>7,251</u> | <u>11,334</u> | <u>7,251</u> | <u>11,334</u> |
| | Sen | Sen | Sen | Sen |
| Earnings / (loss) per share | <u>9.16</u> | <u>15.55</u> | <u>9.16</u> | <u>15.55</u> |

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**Condensed Statements of Changes in Equity
For the period ended 30 June 2014 (Unaudited)**

| | ← Non-distributable → | | Distributable | |
|--|----------------------------|----------------------------|-------------------------------|-----------------|
| | Share capital RM'000 | Share premium RM'000 | Retained Profits RM'000 | Total RM'000 |
| 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 | - | (723) | - | (723) |
| Total comprehensive income | - | - | 11,334 | 11,334 |
| Transaction with owners - Dividend | - | - | - | - |
| At as 30.6.2013 | <u>79,117</u> | <u>51,314</u> | <u>95,676</u> | <u>226,107</u> |
| At 1.4.2014 | 79,117 | 51,313 | 112,187 | 242,617 |
| Issuance of ordinary share capital | - | - | - | - |
| Share issuance expenses | - | - | - | - |
| Total comprehensive income | - | - | 7,251 | 7,251 |
| Transaction with owners - Dividend | - | - | - | - |
| At as 30.6.2014 | <u>79,117</u> | <u>51,313</u> | <u>119,438</u> | <u>249,868</u> |

Asia Brands Berhad (22414-V)
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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 June 2014 (Unaudited)**

| | 3 months ended 30.6.2014 RM'000 | 3 months ended 30.6.2013 RM'000 |
|---|--|--|
| Cash flow from operating activities | | |
| Profit before tax | 10,078 | 13,738 |
| Adjustments for: | | |
| Interest expenses | 1,991 | 2,169 |
| Non-cash items | 2,198 | (7,557) |
| Operating profit before working capital changes | 14,267 | 8,350 |
| Net change in current assets | (32,231) | (24,779) |
| Net change in current liabilities | 18,149 | 18,639 |
| Cash generated from operations | 185 | 2,210 |
| Interest paid | (740) | (535) |
| Tax paid | (1,580) | (2,099) |
| Net cash used in operating activities | (2,135) | (424) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (1,932) | (2,090) |
| Acquisition of subsidiary | - | 632 |
| Net cash inflow from disposal of subsidiary | 4 | - |
| (Advance to)/Repayment from related parties | - | 169 |
| Interest income | 57 | 195 |
| Proceeds from disposal of property, plant and equipment and investment property | - | 12,095 |
| Proceeds from disposal of other investment | - | 44 |
| Net cash (used in) / generated from investing activities | (1,871) | 11,045 |

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 June 2014 (Unaudited) (cont'd)**

| | 3 months ended 30.6.2014 RM'000 | 3 months ended 30.6.2013 RM'000 |
|--|--|--|
| Cash flow from financing activities | | |
| Net proceeds from issuance of ordinary shares | - | 23,012 |
| (Repayment to)/Advance from related companies on subsidiaries acquired | - | (391) |
| Net increase/(decrease) in bank borrowings and hire purchase obligations | 844 | (18,672) |
| Interest paid | (1,251) | (1,634) |
| Dividends paid | - | - |
| Net cash (used in) / generated from financing activities | <u>(407)</u> | <u>2,315</u> |
| Net (decrease) / increase in cash and cash equivalents | (4,413) | 12,936 |
| Cash and cash equivalents at beginning of period | 6,863 | 40,538 |
| Cash and cash equivalents at end of period | <u>2,450</u> | <u>53,474</u> |
| | | |
| | 3 months ended 30.6.2014 RM'000 | 3 months ended 30.6.2013 RM'000 |
| <u>Cash and cash equivalents at end of period</u> | | |
| Cash and bank balance | 13,743 | 53,474 |
| Bank overdraft | (11,293) | - |
| | <u>2,450</u> | <u>53,474</u> |

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 year ended 31 March 2014, except for the adoption of the following new MFRS, Amendments to MFRSs and Interpretation with effect from 1 April 2014 where applicable:-

| | |
|---|----------------|
| MFRS 9 (2009) Financial Instruments |) |
| MFRS 9 (2010) Financial Instruments |) To be |
| MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139) |) announced |
| Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures |) by MASB |
| MFRS 14 Regulatory Deferral Accounts |) |
| Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations |) |
| Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions | 1 January 2016 |
| Annual Improvements to MFRSs 2010 – 2012 Cycle | 1 July 2014 |
| Annual Improvements to MFRSs 2011 – 2013 Cycle | 1 July 2014 |

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 year ended 31 March 2014 was not qualified.

3. Explanatory comments about the seasonality or cyclicity 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 June 2014.

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

On 1/4/2014, the Company disposed of its wholly-owned subsidiary, B.U.M. Holdings (M) Sdn. Bhd., comprising 1,000,000 ordinary shares of RM1 each to another wholly-owned subsidiary, Anakku Sdn. Bhd. for a total consideration of RM1,000,000.

Subsequently, on 23/5/2014, the Company entered into a Sale and Purchase Agreement to dispose of the entire equity interest in Cocomax Sdn. Bhd., comprising 2,550,000 ordinary shares of RM1 each for a total consideration of RM8,000. The transaction was completed on 13 June 2014 and consequently, Cocomax Sdn. Bhd. ceased to be a wholly-owned subsidiary of the Company. There is no material impact on the financial statements of the Group upon the disposal of Cocomax Sdn. Bhd..

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 June 2014 amounted to RM 96,160,000 (31 March 2014 : RM101,160,000).

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

The current quarter revenue period ended 30 June 2014 amounted to RM79.8 million, which was RM9.8 million or 14.0% higher than RM70.0 million for the same quarter last year.

The higher revenue compared with the same quarter last year is contributed by additional outlets opening.

Pre-tax Profit

For the current quarter pre-tax profit, the Group recorded a pre-tax profit of RM10.1 million, as compared to a pre-tax profit of RM13.7 million for the same quarter last year.

For current quarter there was a gain of RM6.5 million from the disposal of Cocomax Sdn. Bhd. which was recorded in other operating income. However the gain was offset by debts written-off to Cocomax Sdn. Bhd. equivalent to RM6.5 million which was recorded in administration and other operation expenses.

The current quarter lower pre-tax profit as compared with the same quarter last year as the last year quarter was aided by a one-off gain on disposal of property, plant and equipment amounting of RM6.6mil.

14. Comparison with preceding quarter's results

The Group recorded an increase in revenue of RM3.1 million for the current quarter ended 30 June 2014 to RM79.8 million as compared to RM76.7 million in the preceding quarter ended 31 March 2014.

The Group recorded a pre-tax profit of RM10.1 million for the current quarter ended 30 June 2014 as compared to the pre-tax profit of RM8.3 million recorded for the quarter ended 31 March 2014 respectively.

The higher revenue and better earnings achieved in the current quarter were attributable to the stronger promotional activities.

15. Current year prospects

Competition in second half of 2014 is expected to be intense with the slowing down of consumer spending. Moreover with household debt inching towards 90% of GDP and any further rise in interest rates means room for discretionary spending's will be curbed.

The management believes with the initiatives taken to enhance operations efficiencies internally plus opportunities to increase new distribution points, the Group is cautiously optimistic for the current financial year.

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 30.6.2014 RM'000 | 3 months ended 30.6.2013 RM'000 | Year-to-date ended 30.6.2014 RM'000 | Year-to-date ended 30.6.2013 RM'000 |
|---------------------------------------|--|--|--|--|
| Income tax | (3,053) | (2,129) | (3,053) | (2,129) |
| Over/(Under)provision - Prior year | - | - | - | - |
| Deferred tax | 226 | (275) | 226 | (275) |
| | ----- (2,827) ===== | ----- (2,404) ===== | ----- (2,827) ===== | ----- (2,404) ===== |

The Group's effective tax rate is higher than the statutory tax rate of 25%, mainly due to non-deductibility of the term loan interest.

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 has no pending corporate proposals.

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 30.6.2014 RM'000 |
|------------------------------|---------------------------------------|
| Long term borrowings | |
| Secured | |
| Term loan | <u>93,500</u> |
| Short term borrowings | |
| Secured | |
| Term loan | 18,500 |
| Unsecured | |
| Bankers' acceptances | 66,438 |
| Bank overdrafts | 11,293 |
| | <u>77,731</u> |
| | <u>96,231</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

The Group does not have any material litigation.

23. Dividends

The shareholders have approved a single tier tax exempt final dividend of 5% for the financial year ended 31 March 2014 in the Thirty-Ninth Annual General Meeting on 22 August 2014. The dividend will be paid on 17 October 2014 to shareholders who are registered in the Record of Depositors as at the close of business on 22 September 2014.

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

The basic earnings / (loss) per share is calculated by dividing the net profit attributable by the weighted average number of ordinary shares in issue of 79,117,214 (2013 : 72,873,262) 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 December 2013, into realised and unrealised profits, pursuant to the directive, is as follows:-

| | As at 30.6.2014 RM'000 |
|--|---------------------------------------|
| Total retained earnings of the Group | |
| - Realised | 178,647 |
| - Unrealised | <u>(279)</u> |
| | 178,368 |
| Consolidated adjustments | (58,930) |
| Total retained earnings as per condensed consolidated statement of changes in equity | <u>119,438</u> |

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

| | 3 months ended 30.6.2014 RM'000 | 3 months ended 30.6.2013 RM'000 | Year-to-date ended 30.6.2014 RM'000 | Year-to-date ended 30.6.2013 RM'000 |
|--|--|--|--|--|
| Profit/(Loss) for the period is arrived at after crediting: | | | | |
| Interest income | 57 | 195 | 57 | 195 |
| Gain on foreign exchange-realised | 6 | - | 6 | - |
| Gain on disposal of property, plant and equipment | - | 7,198 | - | 7,198 |
| Gain on disposal of subsidiary | 6,483 | - | 6,483 | - |
| Negative goodwill | - | 1,172 | - | 1,172 |
| and after charging: | | | | |
| Interest expense | 1,991 | 2,169 | 1,991 | 2,169 |
| Amortisation and Depreciation | 2,021 | 1,865 | 2,021 | 1,865 |
| Inventories written-off | 29 | 15 | 29 | 15 |
| Bad debts written-off | 6,476 | - | 6,476 | - |
| Allowance/(Reversal) of impairment:- | | | | |
| - Property, plant and equipment | - | - | - | - |
| - Receivable | 209 | (1,717) | 209 | (1,717) |
| - Deposit | - | - | - | - |
| - Inventories | - | - | - | - |
| Loss on foreign exchange-unrealised | - | - | - | - |
| Loss on disposal of property, plant and equipment | - | 581 | - | 581 |
| Property, plant and equipment written-off | - | 5 | - | 5 |

For current quarter there was a gain of RM6.483 million from the disposal of Cocomax Sdn. Bhd. which was recorded in other operating income. However the gain was offset by debts written-off to Cocomax Sdn. Bhd. equivalent to RM6.476 million which was recorded in administration and other operation expenses.

By order of the Board

Chua Siew Chuan
Company Secretary
Kuala Lumpur
22 August 2014