



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 2015.

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 31 March 2015

	Unaudited 31.3.2015 RM'000	Audited 31.3.2014 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	26,234	22,501
Intangible assets	138,238	138,238
Goodwill on consolidation	33,284	33,284
Deferred tax assets	80	47
	197,836	194,070
Current assets		
Inventories	160,715	177,924
Trade receivables	63,886	58,011
Other receivables	20,005	17,920
Tax recoverable	6,748	1,923
Cash and bank balances	21,605	10,302
	272,959	266,080
TOTAL ASSETS	470,795	460,150
 <u>EQUITY AND LIABILITIES</u>		
Share capital	79,117	79,117
Share premium	51,313	51,313
Reserves	109,845	112,187
Shareholders' Equity	240,275	242,617
 Non-Current Liabilities		
Long Term Borrowing	100,000	98,750
Hire purchase payables	25	46
Deferred tax liabilities	287	552
	100,312	99,348
 Current Liabilities		
Trade payables	18,602	25,970
Other payables	13,743	9,917
Amount due to ultimate holding company	40,088	-
Hire purchase payables	21	20
Short term borrowings	57,754	82,278
	130,208	118,185
TOTAL LIABILITIES	230,520	217,533
 TOTAL EQUITY AND LIABILITIES	 470,795	 460,150
 Net assets per share (RM)	 3.04	 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 31 March 2015 (Unaudited)

	3 months ended 31.3.2015	3 months ended 31.3.2014	Year-to-date ended 31.3.2015	Year-to-date ended 31.3.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	82,897	76,665	332,744	320,464
Cost of sales	<u>(48,860)</u>	<u>(35,383)</u>	<u>(178,520)</u>	<u>(153,253)</u>
Gross profit	34,037	41,282	154,224	167,211
Other operating income	273	218	7,546	9,130
Selling and distribution expenses	(35,568)	(28,278)	(129,787)	(116,036)
Administrative and other operation expenses	(2,786)	(1,763)	(15,797)	(8,001)
Finance costs	<u>(2,628)</u>	<u>(2,613)</u>	<u>(9,634)</u>	<u>(9,725)</u>
Profit / (Loss) before taxation	(6,672)	8,846	6,552	42,579
Taxation	<u>534</u>	<u>(1,157)</u>	<u>(4,938)</u>	<u>(11,767)</u>
Profit / (Loss) after taxation	<u><u>(6,138)</u></u>	<u><u>7,689</u></u>	<u><u>1,614</u></u>	<u><u>30,812</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2015 (Unaudited) (cont'd)

	3 months ended 31.3.2015	3 months ended 31.3.2014	Year-to-date ended 31.3.2015	Year-to-date ended 31.3.2014
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) for the period	(6,138)	7,689	1,614	30,812
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income	<u>(6,138)</u>	<u>7,689</u>	<u>1,614</u>	<u>30,812</u>
Total comprehensive income attributable to:				
Equity holders	<u>(6,138)</u>	<u>7,689</u>	<u>1,614</u>	<u>30,812</u>
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	<u>(7.76)</u>	<u>9.91</u>	<u>2.04</u>	<u>39.73</u>

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Condensed Statements of Changes in Equity
For the period ended 31 March 2015 (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	-	(724)	-	(724)
Total comprehensive income	-	-	30,812	30,812
Transaction with owners - Dividend	-	-	(2,967)	(2,967)
At as 31.3.2014	<u>79,117</u>	<u>51,313</u>	<u>112,187</u>	<u>242,617</u>
At 1.4.2014	79,117	51,313	112,187	242,617
Total comprehensive income	-	-	1,614	1,614
Transaction with owners - Dividend	-	-	(3,956)	(3,956)
At as 31.3.2015	<u>79,117</u>	<u>51,313</u>	<u>109,845</u>	<u>240,275</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2015 (Unaudited)**

	12 months ended 31.3.2015 RM'000	12 months ended 31.3.2014 RM'000
Cash flow from operating activities		
Profit before tax	6,552	42,579
Adjustments for:		
Interest expenses	9,634	9,725
Non-cash items	11,871	(3,595)
Operating profit before working capital changes	28,057	48,709
Net change in current assets	5,628	(32,535)
Net change in current liabilities	(3,289)	2,883
Cash generated from operations	30,396	19,057
Interest paid	(3,816)	(2,808)
Tax paid	(10,311)	(10,883)
Net cash generated from operating activities	16,269	5,366
Cash flow from investing activities		
Purchase of property, plant and equipment	(12,193)	(10,639)
Acquisition of subsidiary	-	632
Net cash inflow from disposal of subsidiary	4	-
(Advance to)/Repayment from related parties	-	223
Interest income	203	567
Proceeds from disposal of property, plant and equipment and investment property	-	12,013
Net cash (used in) / generated from investing activities	(11,986)	2,796

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2015 (Unaudited) (cont'd)**

	12 months ended 31.3.2015 RM'000	12 months ended 31.3.2014 RM'000
Cash flow from financing activities		
Net proceeds from issuance of ordinary shares	-	23,011
Advances from ultimate holding company (Repayment to)/Advance from related companies on subsidiaries acquired	40,088 -	- (391)
Net increase/(decrease) in bank borrowings and hire purchase obligations	(19,855)	(54,573)
Interest paid	(5,818)	(6,917)
Dividends paid	(3,956)	(2,967)
Net cash used in financing activities	10,459	(41,837)
Net decrease in cash and cash equivalents	14,742	(33,675)
Cash and cash equivalents at beginning of period	6,863	40,538
Cash and cash equivalents at end of period	21,605	6,863
	12 months ended 31.3.2015 RM'000	12 months ended 31.3.2014 RM'000
<u>Cash and cash equivalents at end of period</u>		
Cash and bank balance	21,605	10,302
Bank overdraft	-	(3,439)
	21,605	6,863

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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) by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures))
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
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 July 2014
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)

A single tier tax exempt final dividend of 5% amounted to RM3,955,860.70 was paid on 17 October 2014 for financial year ended 31 March 2014 (31 March 2013 : 5% less income tax amounted to RM2,966,895.64).

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.

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.

On 2/9/2014, Mickey Junior Sdn. Bhd., a wholly-owned subsidiary of the Company had disposed of its wholly-owned subsidiary, AIMB Cottonshop Sdn. Bhd., comprising 2 ordinary shares of RM1 each to another wholly-owned subsidiary, Audrey Sdn. Bhd. for a total consideration of RM2.

On 16/3/2015, Anakku Sdn. Bhd., a wholly-owned subsidiary of the Company had made an initial issuance of RM100.0 million out of RM200.0 million in nominal value of Islamic Unrated Islamic Medium Term Notes ("Sukuk Program") which carries a tenure of up to fifteen (15) years from the date of the initial issue.

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 2015 amounted to RM 296,160,000 (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 31 March 2015 amounted to RM82.9 million, which was RM6.2 million or 8.1% higher than RM76.7 million for the same quarter last year.

The higher revenue compared with the same quarter last year was due to on-going effort to pare down inventories through promotions and sales activities.

Pre-tax Profit

For the current quarter, the Group recorded a pre-tax loss of RM6.7 million, as compared to a pre-tax profit of RM8.8 million for the same period of the preceding year.

The expected loss during this quarter was due to GP margin erosion resulted from aggressive sales activities mentioned above. This is further impacted by impairment of stocks of RM3.0 million and one off expenses incurred of RM1.2 million related to the Sukuk Program issuance.

Performance review for the financial year to date

Revenue

Revenue for the 12 months period ended 31 March 2015 amounted to RM332.7 million, which was RM12.2 million or 3.8% higher than RM320.5 million for the corresponding 12 months period last year.

The Group's higher revenue compared with corresponding 12 months period last year was due to strong performances in Quarter 1 and Quarter 4.

Pre-tax Profit

For the current 12 months period, the Group recorded a pre-tax profit amounting of RM6.6 million, which was RM36.0 million or 84.5% lower, compared to RM42.6 million for the corresponding 12 months period last year.

The Group's lower pre-tax profit compared with the corresponding 12 months period last year was due to heavy price discounts incurred as a result of aggressive promotional activities where it has resulted in lower gross profit margin. The occurrence of the corporate exercise and the impairment of stock during the current quarter have also impacted the overall 12 months results of the current period. Last year 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 RM5.2 million for the current quarter ended 31 March 2015 to RM82.9 million as compared to RM77.7 million in the preceding quarter ended 31 December 2014.

The Group recorded a pre-tax loss of RM6.7 million for the current quarter ended 31 March 2015 as compared to the pre-tax loss of RM2.8 million recorded for the quarter ended 31 December 2014.

The Group recorded lower earnings for the current quarter due to stock impairment and the expenses related to the Sukuk Program.

15. Current year prospects

With the implementation of GST, effectively on 1 April 2015, together with the mandated review on minimum wage policy and the rising demand of higher wages and benefits will contribute to higher operating costs. This is counter balance by the falling crude oil prices that mitigate cost push factors which allow us to remain competitive.

The Group will continue to streamline on our inventories to strengthen our liquidity position despite pressures from these economic conditions and the depreciation of the Malaysian Ringgit against the US Dollar.

In the run up to the new Financial Year, the management are looking into in new channels via e-commerce and concepts retail outlets to strengthen market share and position.

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 31.3.2015 RM'000	3 months ended 31.3.2014 RM'000	Year-to-date ended 31.3.2015 RM'000	Year-to-date ended 31.3.2014 RM'000
Income tax	249	(613)	(4,740)	(9,560)
Over/(Under)provision - Prior year	-	-	(496)	(1,139)
Deferred tax	285	(544)	298	(1,068)
	----- 534 =====	----- (1,157) =====	----- (4,938) =====	----- (11,767) =====

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 and losses incurred.

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 31.3.2015 RM'000
Long term borrowings	
Secured	
Islamic Medium Term Note	<u>100,000</u>
Short term borrowings	
Secured	
Islamic Medium Term Note	-
Unsecured	
Bankers' acceptances	57,754
Bank overdrafts	-
	<u>57,754</u>
	<u>157,754</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 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 shareholder by the weighted average number of ordinary shares in issue of 79,117,214 (2014 : 77,560,502) 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 2015, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 31.3.2015 RM'000
Total retained earnings of the Group	
- Realised	171,302
- Unrealised	<u>(207)</u>
	171,095
Consolidated adjustments	(61,250)
Total retained earnings as per condensed consolidated statement of changes in equity	<u>109,845</u>

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

	3 months ended 31.3.2015 RM'000	3 months ended 31.3.2014 RM'000	Year-to-date ended 31.3.2015 RM'000	Year-to-date ended 31.3.2014 RM'000
Profit/(Loss) for the period is arrived at after crediting:				
Interest income	54	60	203	567
Gain on foreign exchange-realised	-	6	14	10
Gain on disposal of property, plant and equipment	-	-	-	7,178
Gain on disposal of subsidiary	-	-	6,483	-
Negative goodwill	-	-	-	1,172
and after charging:				
Interest expense	2,628	2,613	9,634	9,725
Amortisation and Depreciation	2,173	1,967	8,386	7,869
Inventories written-off	3,068	(1,024)	3,156	(828)
Bad debts written-off	58	92	6,602	101
Allowance/(Reversal) of impairment:-				
- Receivable	460	(6)	335	(955)
- Inventories	-	(1,481)	-	(1,481)
Loss on foreign exchange-unrealised	-	-	-	1
Loss on disposal of property, plant and equipment	-	33	-	499
Property, plant and equipment written-off	71	10	74	117

There were no gain or loss on derivatives or exceptional items for current quarter and financial period to-date 31 March 2015 (31 March 2014: N/A)

By order of the Board

Chua Siew Chuan
Company Secretary
Kuala Lumpur
28 May 2015