



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 December 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 2015.

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 December 2015

	Unaudited	Audited
	31.12.2015	31.3.2015
	RM'000	RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	22,019	26,234
Intangible assets	138,238	138,238
Goodwill on consolidation	36,068	33,284
Deferred tax assets	4,667	80
	200,992	197,836
Current assets		
Inventories	164,482	160,715
Trade receivables	55,705	63,886
Other receivables	23,843	20,005
Tax recoverable	7,795	6,748
Cash and bank balances	13,783	21,605
	265,608	272,959
TOTAL ASSETS	466,600	470,795
 <u>EQUITY AND LIABILITIES</u>		
Share capital	79,117	79,117
Share premium	51,313	51,313
Reserves	93,963	109,845
Shareholders' Equity	224,393	240,275
 Non-Current Liabilities		
Long Term Borrowing	130,000	100,000
Hire purchase payables	9	25
Deferred tax liabilities	-	287
	130,009	100,312
 Current Liabilities		
Trade payables	18,088	20,166
Other payables	36,779	13,743
Amount owing to ultimate holding	7,535	40,088
Hire purchase payables	21	20
Short term borrowings	49,775	56,191
	112,198	130,208
TOTAL LIABILITIES	242,207	230,520
 TOTAL EQUITY AND LIABILITIES	466,600	470,795
 Net assets per share (RM)	2.84	3.04

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 December 2015 (Unaudited)

	3 months ended 31.12.2015	3 months ended 31.12.2014	Year-to-date ended 31.12.2015	Year-to-date ended 31.12.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	56,684	77,681	182,692	249,482
Cost of sales	<u>(30,866)</u>	<u>(44,000)</u>	<u>(103,503)</u>	<u>(127,862)</u>
Gross profit	25,818	33,681	79,189	121,620
Other operating income	3,508	637	5,320	8,579
Selling and distribution expenses	(30,667)	(32,573)	(89,949)	(96,957)
Administrative and other operation expenses	(1,900)	(2,045)	(6,548)	(13,012)
Finance costs	<u>(2,995)</u>	<u>(2,463)</u>	<u>(8,073)</u>	<u>(7,006)</u>
Profit / (Loss) before taxation	(6,236)	(2,763)	(20,061)	13,224
Taxation	<u>629</u>	<u>(1,090)</u>	<u>4,575</u>	<u>(5,472)</u>
Profit / (Loss) after taxation	<u><u>(5,607)</u></u>	<u><u>(3,853)</u></u>	<u><u>(15,486)</u></u>	<u><u>7,752</u></u>

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

	3 months ended 31.12.2015	3 months ended 31.12.2014	Year-to-date ended 31.12.2015	Year-to-date ended 31.12.2014
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) for the period	(5,607)	(3,853)	(15,486)	7,752
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income	<u>(5,607)</u>	<u>(3,853)</u>	<u>(15,486)</u>	<u>7,752</u>
Total comprehensive income attributable to:				
Equity holders	<u>(5,607)</u>	<u>(3,853)</u>	<u>(15,486)</u>	<u>7,752</u>
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	<u>(7.09)</u>	<u>(4.87)</u>	<u>(19.57)</u>	<u>9.80</u>

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Condensed Statements of Changes in Equity
For the period ended 31 December 2015 (Unaudited)

	← Non-distributable →		Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	
At 1.4.2014	79,117	51,313	112,187	242,617
Profit after taxation/ Total comprehensive income	-	-	7,752	7,752
Transaction with owners - Dividend	-	-	(3,956)	(3,956)
At as 31.12.2014	<u>79,117</u>	<u>51,313</u>	<u>115,983</u>	<u>246,413</u>
At 1.4.2015	79,117	51,313	109,845	240,275
Profit after taxation/ Total comprehensive expenses	-	-	(15,486)	(15,486)
Transaction with owners - Dividend	-	-	(396)	(396)
At as 31.12.2015	<u>79,117</u>	<u>51,313</u>	<u>93,963</u>	<u>224,393</u>

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

	9 months ended 31.12.2015 RM'000	9 months ended 31.12.2014 RM'000
Cash flow from operating activities		
Profit / (Loss) before tax	(20,061)	13,224
Adjustments for:		
Interest expenses	8,073	7,006
Non-cash items	8,908	6,091
Operating profit before working capital changes	(3,080)	26,321
Net change in current assets	25,088	(22,266)
Net change in current liabilities	(8,893)	22,609
Cash generated from operations	13,115	26,664
Interest paid	(8,073)	(2,792)
Tax paid	(1,320)	(6,332)
Net cash generated from operating activities	3,722	17,540
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,633)	(10,437)
Net cash inflow from disposal of subsidiary	-	4
Net cash outflow for acquisition of subsidiary	339	-
Interest income	126	149
Proceeds from disposal of property, plant and equipment and investment property	2	-
Net cash used in investing activities	(2,166)	(10,284)

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

	9 months ended 31.12.2015 RM'000	9 months ended 31.12.2014 RM'000
Cash flow from financing activities		
(Repayment to)/Advances from ultimate holding company	(32,553)	-
Net increase/(decrease) in bank borrowings and hire purchase obligations	21,501	(5,363)
Interest paid	-	(4,214)
Dividends paid	(396)	(3,956)
Net cash used in financing activities	(11,448)	(13,533)
Net decrease in cash and cash equivalents	(9,892)	(6,277)
Cash and cash equivalents at beginning of period	21,606	6,863
Cash and cash equivalents at end of period	11,714	586
<u>Cash and cash equivalents at end of period</u>	9 months ended 31.12.2015 RM'000	9 months ended 31.12.2014 RM'000
Cash and bank balance	13,783	8,906
Bank overdraft	(2,069)	(8,320)
	11,714	586

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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.

Effective from 1 April 2015, the Group has adopted the following new accounting standards and interpretation (including the consequential amendments, if any):-

MFRSs and IC Interpretation (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle
IC Interpretation 21 Levies

The adoption of the new MFRS, Amendments to MFRSs and Interpretation does not have significant impact on the interim financial report of the Group.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

MFRSs and IC Interpretation (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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 2015 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 0.5% amounted to RM 395,585.92 was paid on 13 October 2015 for financial year ended 31 March 2015 (31 March 2014 : single tier tax exempt final dividend of 5% amounted to RM3,955,860.70).

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 1/8/2015, Baby Palace Sdn. Bhd. ("BPSB"), a wholly-owned sub-subsidiary of the Company had acquired 100 ordinary shares of RM1.00 each fully paid up in the capital of Astra Brands Sdn. Bhd. ("ABSB") for a total cash consideration of RM100. BPSB is a wholly-owned subsidiary of Anakku 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 31 December 2015 amounted to RM267,660,000 (31 March 2015 : RM296,160,000).

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 December 2015 amounted to RM56.7 million, which was RM21.0 million or 27.0% lower than RM77.7 million for the same quarter last year.

Weakened consumer sentiment together with tough operating environment post implementation of GST had caused the drop in revenue.

Pre-tax Loss

For the current quarter, the Group recorded a pre-tax loss of RM6.2 million, as compared to a pre-tax loss of RM2.8 million for the same period of the preceding year.

Aggressive sales promotional activities had eroded gross profit margin. This is done in order to remain competitive especially during the festive period.

Performance review for the financial year to date

Revenue

Revenue for the 9 months period ended 31 December 2015 amounted to RM182.7 million, which was RM66.8 million or 26.8% lower than RM249.5 million for the corresponding 9 months period last year.

The lower revenue was expected after the implementation of GST in April 2015. This is due to lower consumer traffic to our trade counters and stand-alone outlets.

Pre-tax Profit

For the current 9 months period, the Group recorded a pre-tax loss amounting of RM20.1 million as compared to a pre-tax profit of RM 13.2 million for the corresponding 9 months period last year.

The much lower earnings reported was due to lower sales achieved coupled with lower gross margin due to promotion activities and discounts given to drive sales.

14. Comparison with preceding quarter's results

The Group recorded a decrease in revenue of RM11.6 million for the current quarter ended 31 December 2015 to RM56.7 million as compared to RM68.3 million in the preceding quarter ended 30 September 2015.

The Group recorded a pre-tax loss of RM6.2 million for the current quarter ended 31 December 2015 as compared to the pre-tax loss of RM1.0 million recorded for the quarter ended 30 September 2015.

The decrease in revenue post festive season had resulted in continued losses for the current quarter.

15. Current year prospects

Pressures from poor economic conditions, the weakened Malaysian Ringgit against the US Dollar and cautious consumer spending post a tough trade and retailing environment for the Group. The Group continues to manage its liquidity position and its focus on controlling expenses.

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 31.12.2015 RM'000	3 months ended 31.12.2014 RM'000	Year-to-date ended 31.12.2015 RM'000	Year-to-date ended 31.12.2014 RM'000
Income tax	(220)	(152)	(220)	(4,989)
Over/(Under)provision - Prior year	(77)	(496)	(79)	(496)
Deferred tax	926	(442)	4,866	13
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	8	-
	----- 629 =====	----- (1,090) =====	----- 4,575 =====	----- (5,472) =====

The current year tax was provided due to non-deductible expenses from the profit making subsidiaries.

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 31.12.2015 RM'000
Long term borrowings	
Secured	
Term loan	<u>130,000</u>
Short term borrowings	
Secured	
Term loan	-
Unsecured	
Bankers' acceptances	47,706
Bank overdrafts	2,069
	<u>49,775</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 (2015 : 79,117,214) 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 2015, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 31.12.2015 RM'000
Total retained earnings of the Group	
- Realised	143,536
- Unrealised	<u>4,667</u>
	148,203
Consolidated adjustments	(54,240)
Total retained earnings as per condensed consolidated statement of changes in equity	<u><u>93,963</u></u>

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

	3 months ended 31.12.2015 RM'000	3 months ended 31.12.2014 RM'000	Year-to-date ended 31.12.2015 RM'000	Year-to-date ended 31.12.2014 RM'000
Profit/(Loss) for the period is arrived at after crediting:				
Interest income	28	43	126	149
Gain on foreign exchange-realised	-	5	-	14
Gain on disposal of property, plant and equipment	-	-	1	-
Gain on disposal of subsidiary	-	-	-	6,483
and after charging:				
Interest expense	2,995	2,463	8,073	7,006
Amortisation and Depreciation	2,235	2,156	6,791	6,213
Inventories written-off	34	44	192	88
Bad debts written-off	-	17	-	6,544
Allowance/(Reversal) of impairment:-				
- Receivable	636	(85)	1,995	(125)
Property, plant and equipment written-off	-	3	56	3

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 31 December 2015 (31 March 2015: N/A)

27. Comparative figures

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated	As Previously
	RM'000	Reported
		RM'000
Statement of Comprehensive Income (Extract):-		
Revenue	249,482	249,847
Cost of sales	(127,862)	(129,660)
Other operating income	8,579	7,273
Selling and distribution expenses	(96,957)	(94,219)
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By order of the Board

Chua Siew Chuan
Company Secretary
Kuala Lumpur
24 February 2016