



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 2016.

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 2016.

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)
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Condensed Consolidated Statements of Financial Position
as at 30 June 2016

	Unaudited 30.6.2016 RM'000	Audited 31.3.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,506	19,180
Intangible assets	138,238	138,238
Goodwill on consolidation	30,905	30,905
Deferred tax assets	-	-
	186,649	188,323
Current assets		
Inventories	138,854	136,266
Trade receivables	51,145	50,752
Other receivables	15,725	16,107
Tax recoverable	8,092	7,842
Cash and bank balances	9,079	9,882
	222,895	220,849
TOTAL ASSETS	409,544	409,172
 EQUITY AND LIABILITIES		
Share capital	79,117	79,117
Share premium	51,313	51,313
Reserves	57,504	64,227
Shareholders' Equity	187,934	194,657
Non-Current Liabilities		
Long Term Borrowing	-	-
Hire purchase payables	-	4
Deferred tax liabilities	23	26
	23	30
Current Liabilities		
Trade payables	32,682	17,383
Other payables	10,950	9,214
Amount owing to ultimate holding	20,965	18,965
Hire purchase payables	20	22
Short term borrowings	156,970	168,901
	221,587	214,485
TOTAL LIABILITIES	221,610	214,515
TOTAL EQUITY AND LIABILITIES	409,544	409,172
Net assets per share (RM)	2.38	2.46

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2016 (Unaudited)

	3 months ended 30.6.2016	3 months ended 30.6.2015	Year-to-date ended 30.6.2016	Year-to-date ended 30.6.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	55,230	58,034	55,230	58,034
Cost of sales	<u>(32,704)</u>	<u>(36,666)</u>	<u>(32,704)</u>	<u>(36,666)</u>
Gross profit	22,526	21,368	22,526	21,368
Other operating income	217	467	217	467
Selling and distribution expenses	(25,944)	(30,029)	(25,944)	(30,029)
Administrative and other operation expenses	(923)	(2,170)	(923)	(2,170)
Finance costs	<u>(2,447)</u>	<u>(2,469)</u>	<u>(2,447)</u>	<u>(2,469)</u>
Profit / (Loss) before taxation	(6,571)	(12,833)	(6,571)	(12,833)
Taxation	<u>(152)</u>	<u>3,694</u>	<u>(152)</u>	<u>3,694</u>
Profit / (Loss) after taxation	<u><u>(6,723)</u></u>	<u><u>(9,139)</u></u>	<u><u>(6,723)</u></u>	<u><u>(9,139)</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2016 (Unaudited) (cont'd)

	3 months ended 30.6.2016	3 months ended 30.6.2015	Year-to-date ended 30.6.2016	Year-to-date ended 30.6.2015
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) for the period	(6,723)	(9,139)	(6,723)	(9,139)
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income / (expenses)	<u>(6,723)</u>	<u>(9,139)</u>	<u>(6,723)</u>	<u>(9,139)</u>
Total comprehensive income / (expenses) attributable to:				
Equity holders	<u>(6,723)</u>	<u>(9,139)</u>	<u>(6,723)</u>	<u>(9,139)</u>
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	<u>(8.50)</u>	<u>(11.55)</u>	<u>(8.50)</u>	<u>(11.55)</u>

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Condensed Statements of Changes in Equity
For the period ended 30 June 2016 (Unaudited)

	← Non-distributable →		Distributable	
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
At 1.4.2015	79,117	51,313	109,845	240,275
Loss after taxation/ Total comprehensive expenses	-	-	(9,139)	(9,139)
Transaction with owners - Dividend	-	-	-	-
At as 30.6.2015	<u>79,117</u>	<u>51,313</u>	<u>100,706</u>	<u>231,136</u>
At 1.4.2016	79,117	51,313	64,227	194,657
Loss after taxation/ Total comprehensive expenses	-	-	(6,723)	(6,723)
Transaction with owners - Dividend	-	-	-	-
At as 30.6.2016	<u>79,117</u>	<u>51,313</u>	<u>57,504</u>	<u>187,934</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 June 2016 (Unaudited)**

	3 months ended 30.6.2016 RM'000	3 months ended 30.6.2015 RM'000
Cash flow from operating activities		
Loss before tax	(6,571)	(12,833)
Adjustments for:		
Interest expenses	2,447	2,469
Non-cash items	1,813	3,145
Operating profit before working capital changes	<u>(2,311)</u>	<u>(7,219)</u>
Net change in current assets	(2,431)	(10,458)
Net change in current liabilities	<u>17,034</u>	<u>31,094</u>
Cash generated from operations	12,292	13,417
Interest paid	(2,447)	(2,469)
Tax paid	(405)	(1,384)
Net cash generated from operating activities	<u>9,440</u>	<u>9,564</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(317)	(1,387)
Placement of deposit with licensed bank	-	(3,650)
Interest income	10	49
Net cash used in investing activities	<u>(307)</u>	<u>(4,988)</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 June 2016 (Unaudited) (cont'd)**

	3 months ended 30.6.2016 RM'000	3 months ended 30.6.2015 RM'000
Cash flow from financing activities		
(Repayment to)/Advances from ultimate holding company	2,000	(30,043)
Net increase/(decrease) in bank borrowings and hire purchase obligations	(11,952)	11,490
Net cash used in financing activities	(9,952)	(18,553)
Net decrease in cash and cash equivalents	(819)	(13,977)
Cash and cash equivalents at beginning of period	2,866	21,606
Cash and cash equivalents at end of period	2,047	7,629
<u>Cash and cash equivalents at end of period</u>	3 months ended 30.6.2016 RM'000	3 months ended 30.6.2015 RM'000
Cash and bank balance	9,079	12,635
Bank overdraft	(2,917)	(1,356)
	6,162	11,279
Less : Fixed deposit with licensed bank with maturity more than 3 months	(4,115)	(3,650)
	2,047	7,629

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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 2016, 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 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

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/or 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 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011):Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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 15:Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15:Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 101:Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107:Disclosure Initiative	1 January 2017
Amendments to MFRS 112:Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
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 2016 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 2016.

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 June 2016.

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 2016 amounted to RM267,660,000 (31 March 2016 : RM267,660,000).

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 2016 amounted to RM55.2 million, which was RM2.8 million or 4.8% lower than RM58.0 million for the same quarter last year.

We have closed off non-productive and non-performing outlets and counters. This results in the lower revenue.

Pre-tax Loss

For the current quarter, the Group recorded a pre-tax loss of RM6.6 million, as compared to a pre-tax loss of RM12.8 million for the same period of the preceding year.

The closures of non-productive and non-performing outlets have reduced the losses by RM 6.2 million.

14. Comparison with preceding quarter's results

The Group recorded a decrease in revenue of RM3.8 million for the current quarter ended 30 June 2016 to RM55.2 million as compared to RM59.0 million in the preceding quarter ended 31 March 2016.

The Group recorded a pre-tax loss of RM6.6 million for the current quarter ended 30 June 2016 as compared to pre-tax loss of RM25.1 million recorded for the quarter ended 31 March 2016.

The lower revenue is caused by weak consumer sentiment. The pre-tax loss is non-comparable as the preceding financial year end quarter includes extraordinary impairment of inventories and debtors.

15. Current year prospects

The Groups business may continue to face stiff competition and soft market sentiment throughout the financial year. The weakened local currency together with the increase of minimum wage results in higher operating cost for the Group. Profit margin for the Group may continue to be affected due to price competition amongst market players.

The Group will adopt appropriate action plan to improve Group Profit.

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 30.6.2016 RM'000	3 months ended 30.6.2015 RM'000	Year-to-date ended 30.6.2016 RM'000	Year-to-date ended 30.6.2015 RM'000
Income tax	(155)	-	(155)	-
Over/(Under)provision - Prior year	-	-	-	-
Deferred tax	3	3,686	3	3,686
Effect on opening deferred tax resulting from a reduction in income tax rate	-	8	-	8
	----- (152) =====	----- 3,694 =====	----- (152) =====	----- 3,694 =====

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 30.6.2016 RM'000
Long term borrowings	
Secured	
Term loan	-
Short term borrowings	
Secured	
Term loan	130,000
Unsecured	
Bankers' acceptances	24,053
Bank overdrafts	2,917
	26,970
	156,970

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 30 June 2016, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 30.6.2016 RM'000
Total retained earnings of the Group	
- Realised	105,315
- Unrealised	<u>(23)</u>
	105,292
Consolidated adjustments	(47,788)
Total retained earnings as per condensed consolidated statement of changes in equity	<u><u>57,504</u></u>

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

	3 months ended 30.6.2016 RM'000	3 months ended 30.6.2015 RM'000	Year-to-date ended 30.6.2016 RM'000	Year-to-date ended 30.6.2015 RM'000
Profit/(Loss) for the period is arrived at after crediting:				
Interest income	10	49	10	49
and after charging:				
Interest expense	2,447	2,469	2,447	2,469
Amortisation and Depreciation	1,991	2,285	1,991	2,285
Inventories written-off	81	83	81	83
Bad debts written-off	2	-	2	-
Allowance/(Reversal) of impairment:-				
- Receivable	(251)	816	(251)	816
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 30 June 2016 (31 March 2016: N/A)

27. Comparative figures

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

	As Restated RM'000	As Previously Reported RM'000
Statement of Comprehensive Income (Extract):-		
Revenue	58,034	57,758
Other operating income	467	743

By order of the Board
Chua Siew Chuan
Company Secretary
Kuala Lumpur
26 August 2016