



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 2017.

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)
(Incorporated in Malaysia)
Condensed Consolidated Statements of Financial Position
as at 31 March 2017

	Unaudited 31.3.2017 RM'000	Audited 31.3.2016 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	9,621	19,180
Intangible assets	131,000	138,238
Goodwill on consolidation	30,905	30,905
Deferred tax assets	11,915	-
	183,441	188,323
Current assets		
Inventories	62,702	136,266
Trade receivables	37,615	50,752
Other receivables	11,001	16,107
Tax recoverable	7,179	7,842
Cash and bank balances	13,571	9,882
	132,068	220,849
TOTAL ASSETS	315,509	409,172
 <u>EQUITY AND LIABILITIES</u>		
Share capital	130,430	79,117
Share premium	-	51,313
Reserves	5,733	64,227
Shareholders' Equity	136,163	194,657
 Non-Current Liabilities		
Hire purchase payables	-	4
Deferred tax liabilities	25	26
	25	30
 Current Liabilities		
Trade payables	16,665	17,383
Other payables	7,131	9,214
Amount owing to ultimate holding	20,104	18,965
Hire purchase payables	4	22
Short term borrowings	135,417	168,901
	179,321	214,485
TOTAL LIABILITIES	179,346	214,515
 TOTAL EQUITY AND LIABILITIES	 315,509	 409,172
 Net assets per share (RM)	 1.72	 2.46

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 2017 (Unaudited)

	3 months ended 31.3.2017	3 months ended 31.3.2016	Year-to-date ended 31.3.2017	Year-to-date ended 31.3.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	50,332	54,548	209,263	241,821
Cost of sales	<u>(36,872)</u>	<u>(35,554)</u>	<u>(135,302)</u>	<u>(139,057)</u>
Gross profit	13,460	18,994	73,961	102,764
Other operating income	249	144	1,779	883
Selling and distribution expenses	(33,280)	(35,862)	(119,550)	(125,811)
Administrative and other operation expenses	(13,562)	(6,237)	(16,360)	(12,785)
Finance costs	<u>(2,108)</u>	<u>(2,186)</u>	<u>(9,374)</u>	<u>(10,259)</u>
Loss before taxation	(35,241)	(25,147)	(69,544)	(45,208)
Taxation	<u>11,572</u>	<u>(4,589)</u>	<u>11,050</u>	<u>(14)</u>
Loss after taxation	<u><u>(23,669)</u></u>	<u><u>(29,736)</u></u>	<u><u>(58,494)</u></u>	<u><u>(45,222)</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2017 (Unaudited) (cont'd)

	3 months ended 31.3.2017	3 months ended 31.3.2016	Year-to-date ended 31.3.2017	Year-to-date ended 31.3.2016
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(23,669)	(29,736)	(58,494)	(45,222)
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive expenses	<u>(23,669)</u>	<u>(29,736)</u>	<u>(58,494)</u>	<u>(45,222)</u>
Total comprehensive expenses attributable to:				
Equity holders	<u>(23,669)</u>	<u>(29,736)</u>	<u>(58,494)</u>	<u>(45,222)</u>
	Sen	Sen	Sen	Sen
Loss per share	<u>(29.92)</u>	<u>(37.58)</u>	<u>(73.93)</u>	<u>(57.16)</u>

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**Condensed Statements of Changes in Equity
For the period ended 31 March 2017 (Unaudited)**

	← Non-distributable →		Distributable	
	Share Capital RM'000	Share premium RM'000	Retained profits/(loss) RM'000	Total RM'000
At 1.4.2015	79,117	51,313	109,845	240,275
Loss after taxation/ Total comprehensive expenses	-	-	(45,222)	(45,222)
Transaction with owners - Dividend	-	-	(396)	(396)
At as 31.3.2016	<u>79,117</u>	<u>51,313</u>	<u>64,227</u>	<u>194,657</u>
At 1.4.2016	79,117	51,313	64,227	194,657
Transfer of Share Premium to Share Capital	51,313	(51,313)	-	-
Loss after taxation/ Total comprehensive expenses	-	-	(58,494)	(58,494)
Transaction with owners - Dividend	-	-	-	-
At as 31.3.2017	<u>130,430</u>	<u>-</u>	<u>5,733</u>	<u>136,163</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2017 (Unaudited)**

	12 months ended 31.3.2017 RM'000	12 months ended 31.3.2016 RM'000
Cash flow from operating activities		
Loss before tax	(69,544)	(45,208)
Adjustments for:		
Interest expenses	9,374	10,259
Non-cash items	30,968	26,879
Operating loss before working capital changes	<u>(29,202)</u>	<u>(8,070)</u>
Net change in current assets	50,673	56,087
Net change in current liabilities	<u>3,979</u>	<u>(37,094)</u>
Cash generated from operations	25,450	10,923
Interest paid	(9,374)	(10,259)
Tax paid	<u>(944)</u>	<u>(1,331)</u>
Net cash generated from operating activities	<u>15,132</u>	<u>667</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,014)	(2,782)
Withdrawal/(Placement) of deposit with licensed bank	4,115	(4,115)
Net cash inflow from disposal of subsidiary	13,649	-
Net cash outflow for acquisition of subsidiary	-	339
Advances to related companies on subsidiary disposal	(162)	
Interest income	285	213
Proceeds from disposal of property, plant and equipment and investment property	1,081	2
Net cash generated from / (used in) investing activities	<u>17,954</u>	<u>(6,343)</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2017 (Unaudited) (cont'd)**

	12 months ended 31.3.2017 RM'000	12 months ended 31.3.2016 RM'000
Cash flow from financing activities		
Advances from/(Repayment to) ultimate holding company	1,139	(21,123)
Advances from holding company on subsidiary disposal	6,884	-
Advances from related companies on subsidiary disposal	201	-
Net (decrease)/increase in bank borrowings and hire purchase obligations	(30,605)	9,789
Dividend paid	-	(396)
Net cash used in financing activities	(22,381)	(11,730)
Net increase/(decrease) in cash and cash equivalents	10,705	(18,740)
Cash and cash equivalents at beginning of period	2,866	21,606
Cash and cash equivalents at end of period	13,571	2,866
<u>Cash and cash equivalents at end of period</u>	12 months ended 31.3.2017 RM'000	12 months ended 31.3.2016 RM'000
Cash and bank balance	13,571	9,882
Bank overdraft	-	(2,901)
	13,571	6,981
Less : Fixed deposit with licensed bank with maturity more than 3 months	-	(4,115)
	13,571	2,866

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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 31 March 2017. However, the Company paid a single tier tax exempt final dividend of 0.5% amounted to RM 395,585.92 to shareholders for financial year ended 31 March 2015 on 13 October 2015.

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 1/9/2016, the Asia Brands Berhad acquired 1,000,000 ordinary shares of RM1.00 each fully paid-up in the capital of General Prestasi Sdn. Bhd. from Anakku Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total consideration of RM2.00. As a result, GPSB ceased to become a wholly-owned subsidiary of Anakku Sdn. Bhd. and became a wholly-owned subsidiary of the Company.

On 15/9/2016, the Group announced entered into a non binding term sheet with Trackland Sdn. Bhd. ("Trackland") in relation to the proposed disposal of 100% equity interest in B.U.M. Marketing (Malaysia) Sdn. Bhd. by the Company for a consideration as set out in Section 2.2 of Term Sheet which can be viewed in the Bursa Malaysia website. On 4/10/2016 and 18/11/2016, the Group announced receipt payment of RM5.0 million from Trackland as per Term Sheet and Share Sales Agreement respectively. Final announcements pertaining to the disposal can be viewed in the Bursa Malaysia website on 22/11/2016 & 23/11/2016. On 6/3/2017, the Group announced the disposal has been completed following the fulfilment of the Conditions Precedent and the completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions stated in the Share Sale Agreement dated 18/11/2016.

On 1/10/2016, the Group disposed of the 100% owned direct subsidiaries of Bontton Sdn. Bhd. to Diesel Enterprise Sdn. Bhd. for a total consideration of RM2.00 which was announced on 4/10/2016. Further announcements pertaining to the disposal can be viewed in the Bursa Malaysia website on 5/10/2016 and 11/10/2016.

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 31 March 2017 amounted to RM219,500,000 (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

The current quarter revenue period ended 31 March 2017 amounted to RM50.3 million, which was RM4.2 million or 7.7% lower than RM54.5 million for the same quarter last year. However, the Group recorded a pre-tax loss of RM35.2 million as compared to a pre-tax loss of RM25.1 million for the same period of the preceding year.

Revenue for the 12 months period ended 31 March 2017 amounted to RM209.3 million, which was RM32.5 million or 13.4% lower than RM241.8 million for the corresponding 12 months period last year. Consequently, for the current 12 months period, the Group recorded a pre-tax loss amounting of RM69.5 million as compared to a pre-tax loss of RM45.2 million for the corresponding 12 months period last year.

The lower revenue was due to closure of non-performing outlets and counters during the financial year. The losses incurred for the 12 months period was due to impairment of inventory of RM25.1 million. The huge impairment were largely due disposal of BUM Equipment, Bontton and Diesel brands of which the exercise is one off in occurrence. The loss on disposal of investment in a subsidiary and other assets amounts to RM6.7 million.

14. Comparison with preceding quarter's results

The Group recorded a decrease in revenue of RM9.3 million for the current quarter ended 31 March 2017 to RM50.3 million as compared to RM59.6 million in the preceding quarter ended 31 December 2016.

The Group recorded a pre-tax loss of RM35.2 million for the current quarter ended 31 March 2017 as compared to pre-tax loss of RM14.8 million recorded for the quarter ended 31 December 2016.

The higher revenue for the preceding quarter was due to year-end clearance activity. The result of non-productive outlet closure had resulted in losses for the current quarter as well as the recognition of the divestment of the loss making subsidiary.

15. Current year prospects

The Groups business faces stiff challenges throughout the financial year. The weakened local currency and the increase of minimum wage results in higher operating cost for the Group. Price competitions amongst market players and weak sentiments have eroded the Group's profit margin.

With the divestment of the loss making subsidiary, management time will be focus on the existing Anakku and Audrey brands. The Group is cautiously optimistic that in the coming financial year, the two brands will produce better results.

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 31.3.2017 RM'000	3 months ended 31.3.2016 RM'000	Year-to-date ended 31.3.2017 RM'000	Year-to-date ended 31.3.2016 RM'000
Income tax	(382)	104	(862)	(116)
Over/(Under)provision - Prior year	-	-	(4)	(79)
Deferred tax	11,954	(4,685)	11,916	181
Effect on opening deferred tax resulting from a reduction in income tax rate	-	(8)	-	-
	----- 11,572 =====	----- (4,589) =====	----- 11,050 =====	----- (14) =====

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 31.3.2017 RM'000
Long term borrowings	
Secured	
Term loan	-
Short term borrowings	
Secured	
Term loan	120,000
Unsecured	
Bankers' acceptances	15,417
Bank overdrafts	-
	15,417
	135,417

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 loss attributable to shareholder by the weighted average number of ordinary shares in issue of 79,117,214 (2016 : 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 March 2017, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 31.3.2017 RM'000
Total retained earnings of the Group	
- Realised	23,953
- Unrealised	<u>11,890</u>
	35,843
Consolidated adjustments	(30,110)
Total retained earnings as per condensed consolidated statement of changes in equity	<u><u>5,733</u></u>

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

	3 months ended 31.3.2017 RM'000	3 months ended 31.3.2016 RM'000	Year-to-date ended 31.3.2017 RM'000	Year-to-date ended 31.3.2016 RM'000
Profit/(Loss) for the period is arrived at after crediting:				
Interest income	151	87	285	213
Gain on foreign exchange-realised	19	4	28	4
Gain on disposal of property, plant and equipment	-	-	662	1
and after charging:				
Interest expense	2,108	2,186	9,374	10,259
Amortisation and Depreciation	1,520	2,147	7,028	8,938
Inventories written-off	5,253	3,787	8,265	3,979
Inventories written down to NRV	4,943	-	13,572	-
Bad debts written-off	429	-	563	-
Allowance/(Reversal) of impairment:-				
- Receivable	4,105	5,986	2,587	7,981
- Inventories	3,209	135	3,209	135
- Goodwill	-	5,164	-	5,164
Property, plant and equipment written-off	-	841	640	897
Loss on disposal of subsidiary	5,980	-	5,980	-
Loss on disposal of trademark	735	-	735	-

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 31 March 2017 (31 March 2016: N/A)

By order of the Board
Chua Siew Chuan
Company Secretary
Kuala Lumpur
29 May 2017