



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 September 2017.

This interim financial statements is prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, "Interim Financial Reporting" issued by Malaysian Accounting Standards Boards ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial statements is intended to provide an update on the last annual audited financial statements, for financial year ended 31 March 2017.

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 September 2017

	Unaudited 30.9.2017 RM'000	Audited 31.3.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,176	9,621
Intangible assets	131,000	131,000
Goodwill on consolidation	30,905	30,905
Deferred tax assets	11,915	11,915
	181,996	183,441
Current assets		
Inventories	60,627	62,702
Trade receivables	39,373	37,615
Other receivables	6,497	11,001
Tax recoverable	7,233	7,179
Cash and bank balances	9,494	13,571
	123,224	132,068
Non-current assets classified as held for sale	-	-
	123,224	132,068
TOTAL ASSETS	305,220	315,509
EQUITY AND LIABILITIES		
Share capital	130,431	130,431
Share premium	-	-
Reserves	5,452	5,733
Shareholders' Equity	135,883	136,164
Non-Current Liabilities		
Hire purchase payables	-	-
Deferred tax liabilities	16	25
	16	25
Current Liabilities		
Trade payables	15,999	16,665
Other payables	6,109	7,131
Amount owing to ultimate holding	10,569	20,103
Hire purchase payables	-	4
Short term borrowings	136,644	135,417
	169,321	179,320
Liabilities directly associated with assets classified as held of sale	-	-
	169,321	179,320
TOTAL LIABILITIES	169,337	179,345
TOTAL EQUITY AND LIABILITIES	305,220	315,509
Net assets per share (RM)	1.72	1.72

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 September 2017 (Unaudited)

	3 months ended 30.9.2017	3 months ended 30.9.2016	Year-to-date ended 30.9.2017	Year-to-date ended 30.9.2016
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	35,060	34,560	79,239	75,716
Cost of sales	<u>(18,002)</u>	<u>(18,269)</u>	<u>(41,319)</u>	<u>(39,951)</u>
Gross profit	17,058	16,291	37,920	35,765
Other operating income	316	475	463	691
Selling and distribution expenses	(16,833)	(19,946)	(32,595)	(40,237)
Administrative and other operation expenses	(489)	(873)	(1,196)	(1,509)
Finance costs	<u>(2,038)</u>	<u>(1,802)</u>	<u>(4,050)</u>	<u>(3,441)</u>
(Loss)/Profit before taxation	(1,986)	(5,855)	542	(8,731)
Taxation	<u>(115)</u>	<u>(334)</u>	<u>(823)</u>	<u>(486)</u>
Loss from continuing operations, net of tax	(2,101)	(6,189)	(281)	(9,217)
<u>Discontinued Operation</u>				
Loss from discontinued operation, net of tax	-	(7,038)	-	(10,733)
Loss after taxation	<u>(2,101)</u>	<u>(13,227)</u>	<u>(281)</u>	<u>(19,950)</u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2017 (Unaudited) (cont'd)

	3 months ended 30.9.2017	3 months ended 30.9.2016	Year-to-date ended 30.9.2017	Year-to-date ended 30.9.2016
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(2,101)	(13,227)	(281)	(19,950)
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive expenses	<u>(2,101)</u>	<u>(13,227)</u>	<u>(281)</u>	<u>(19,950)</u>
Total comprehensive expenses attributable to:				
Equity holders	<u>(2,101)</u>	<u>(13,227)</u>	<u>(281)</u>	<u>(19,950)</u>
	Sen	Sen	Sen	Sen
Loss per share	<u>(2.66)</u>	<u>(16.72)</u>	<u>(0.36)</u>	<u>(25.22)</u>

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Condensed Statements of Changes in Equity
For the period ended 30 September 2017 (Unaudited)

	← Non-distributable →		Distributable	
	Share Capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
At 1.4.2016	79,117	51,313	64,227	194,657
Loss after taxation/ Total comprehensive expenses	-	-	(19,950)	(19,950)
Transaction with owners - Dividend	-	-	-	-
At as 30.9.2016	<u>79,117</u>	<u>51,313</u>	<u>44,277</u>	<u>174,707</u>
At 1.4.2017	130,431	-	5,733	136,164
Profit after taxation/ Total comprehensive income	-	-	(281)	(281)
Transaction with owners - Dividend	-	-	-	-
At as 30.9.2017	<u>130,431</u>	<u>-</u>	<u>5,452</u>	<u>135,883</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 September 2017 (Unaudited)**

	6 months ended 30.9.2017 RM'000	6 months ended 30.9.2016 RM'000
Cash flow from operating activities		
Profit/(Loss) before tax from continuing operations	542	(8,731)
Loss before tax from discontinued operation	-	(10,733)
	<u>542</u>	<u>(19,464)</u>
Adjustments for:		
Interest expenses	4,050	5,032
Non-cash items	(2,055)	4,951
Operating profit/(loss) before working capital changes	<u>2,537</u>	<u>(9,481)</u>
Net change in current assets	8,968	15,983
Net change in current liabilities	(2,222)	1,943
Cash generated from operations	<u>9,283</u>	<u>8,445</u>
Interest paid	(4,050)	(5,032)
Tax paid	(351)	(816)
Net cash generated from operating activities	<u>4,882</u>	<u>2,597</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(767)	(425)
Placement of deposit with licensed bank	-	(85)
Interest income	120	102
Proceeds from disposal of property, plant and equipment and investment property	-	81
Net cash used in investing activities	<u>(647)</u>	<u>(327)</u>
Cash flow from financing activities		
(Repayment to)/Advances from ultimate holding company	(9,535)	3,326
Net increase/(decrease) in bank borrowings and hire obligations	1,223	(5,603)
Net cash used in financing activities	<u>(8,312)</u>	<u>(2,277)</u>
Net decrease in cash and cash equivalents	(4,077)	(7)
Cash and cash equivalents at beginning of period	13,571	2,866
Cash and cash equivalents at end of period	<u>9,494</u>	<u>2,859</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 September 2017 (Unaudited) (cont'd)**

<u>Cash and cash equivalents at end of period</u>	6 months ended 30.9.2017 RM'000	6 months ended 30.9.2016 RM'000
<u>Continuing operations</u>		
Cash and bank balance	9,494	9,596
Less : Fixed deposit with licensed bank with maturity more than 3 months	-	(4,200)
	9,494	5,396
<u>Discontinued operation</u>		
Cash and bank balance	-	102
Bank overdraft	-	(2,639)
	9,494	2,859

Note:

<u>Cash flows generated from/(used in) discontinued operation</u>	6 months ended 30.9.2017 RM'000	6 months ended 30.9.2016 RM'000
Net cash generated from operating activities	-	25,272
Net cash generated from investing activities	-	882
Net cash used in financing activities	-	(25,880)
	-	274

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Explanatory Notes

Explanatory notes pursuant to MFRS 134, “Interim Financial Reporting”

1. Basis of Preparation

The unaudited interim financial statements is prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 March 2017.

The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the last annual audited financial statements, for the financial year ended 31 March 2017 except for the changes arising from the adoption of the following amendments to MFRS issued by MASB that are effective for the Group’s financial year beginning on 1 April 2017.

- Amendments to MFRS 12 *Disclosure of Interests in Other Entities*
- Amendments to MFRS 107 *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112 *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements 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 auditors have expressed unqualified opinion of the financial statement for the financial year ended 31 March 2017. However the auditors draw attention to the material uncertainty related to going concern due to the Group had a net current liabilities which from reclassification on Islamic Medium Term Notes (“IMTN”) to current liabilities as a results of non-compliance with financial covenants as required in IMTN.

The financial performance from First Half remain positive with a pre-tax profit of RM0.5 million compared to pre-tax loss of RM8.7 million for the same period of the preceding year. The Group continued to meet one of the financial covenants as required in IMTN. The Group continued to monitor and streamline the business by re-channeling management time and energy to turnaround the remaining two divisions.

The key audit matters highlighted by independent auditors are the contingent liabilities related to good will and intangible assets, inventories valuation and provision which there were no material changes as compared to the financial year ended 31 March 2017.

3. Explanatory comments about the seasonality or cyclical nature 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 September 2017.

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 September 2017.

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 September 2017 amounted to RM219,500,000 (31 March 2017 : RM219,500,000).

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 30 September 2017 amounted to RM35.1 million, which was RM0.5 million or 1.4% higher than RM34.6 million for the same quarter last year. Consequently, the Group recorded a pre-tax loss of RM2.0 million as compared to a pre-tax loss of RM5.9 million for the same period of the preceding year.

Revenue for the 6 months period ended 30 September 2017 amounted to RM79.2 million, which was RM3.5 million or 4.6% higher than RM75.7 million for the corresponding 6 months period last year. Consequently, for the current 6 months period, the Group recorded a pre-tax profit amounting to RM0.5 million as compared to a pre-tax loss of RM8.7 million for the corresponding 6 months period last year.

The higher revenue and pre-tax profit were attributed by the outcome of rental savings due to the initiative of closing down non-performing outlets throughout last financial year and focusing on increasing productivity of existing outlets this current year.

14. Comparison with preceding quarter's results

The Group recorded a decrease in revenue of RM9.1 million for the current quarter ended 30 September 2017 to RM35.1 million as compared to RM44.2 million in the preceding quarter ended 30 June 2017.

The Group recorded a pre-tax loss of RM2.0 million for the current quarter ended 30 September 2017 as compared to pre-tax profit of RM2.5 million recorded for the quarter ended 30 June 2017.

The lower revenue for the current quarter was due to the post Hari Raya effect and this had resulted in the pre-tax loss in the current quarter as compared to the preceding quarter which was expected.

15. Current year prospects

The Group had successfully streamlined most of the business by channeling management time and energy to turnaround the existing two divisions. Significant focuses were placed on product range re-alignment and competitive pricing.

We expect retail to remain soft this year, however we will execute more sales activities to compensate for any shortfall from expectation.

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 30.9.2017 RM'000	3 months ended 30.9.2016 RM'000	Year-to-date ended 30.9.2017 RM'000	Year-to-date ended 30.9.2016 RM'000
Income tax	(119)	(326)	(832)	(481)
Over/(Under)provision - Prior year	-	-	-	-
Deferred tax	4	(8)	9	(5)
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	----- (115) =====	----- (334) =====	----- (823) =====	----- (486) =====

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 30.9.2017 RM'000
Long term borrowings	
Secured	
Term loan	-
Short term borrowings	
Secured	
Term loan	120,000
Unsecured	
Bankers' acceptances	16,644
Bank overdrafts	-
	16,644
	136,644

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 (2017 : 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 September 2017, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 30.9.2017 RM'000
Total retained earnings of the Group	
- Realised	24,782
- Unrealised	11,900
	<hr/>
	36,682
Consolidated adjustments	(31,230)
Total retained earnings as per condensed consolidated statement of changes in equity	<hr/> <u>5,452</u>

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

	3 months ended 30.9.2017 RM'000	3 months ended 30.9.2016 RM'000	Year-to-date ended 30.9.2017 RM'000	Year-to-date ended 30.9.2016 RM'000
Profit/(Loss) for the period is arrived at after crediting:				
Interest income	76	92	120	102
Bad debts recovered	36	-	66	-
Gain on foreign exchange-realised	21	7	21	7
Gain on disposal of property, plant and equipment	-	10	-	10
and after charging:				
Interest expense	2,038	2,585	4,050	5,032
Amortisation and Depreciation	1,093	1,868	2,212	3,859
Inventories written-off	82	1,948	102	2,029
Bad debts written-off	-	132	64	134
Allowance/(Reversal) of impairment:-				
- Receivable	(1,682)	(1,348)	(4,247)	(1,599)
Property, plant and equipment written-off	-	640	-	640

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 30 September 2017 (31 March 2017: N/A)

By order of the Board
Chua Siew Chuan
Company Secretary
Kuala Lumpur
24 November 2017