



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 2018.

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 31 March 2018

	Unaudited 31.3.2018 RM'000	Audited 31.3.2017 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	7,351	9,621
Intangible assets	131,000	131,000
Goodwill on consolidation	26,705	30,905
Deferred tax assets	11,915	11,915
	176,971	183,441
Current assets		
Inventories	46,072	62,702
Trade receivables	23,570	37,615
Other receivables	5,873	11,001
Tax recoverable	7,253	7,179
Cash and bank balances	8,621	13,571
	91,389	132,068
TOTAL ASSETS	268,360	315,509
 <u>EQUITY AND LIABILITIES</u>		
Share capital	158,001	130,431
Reserves	(13,463)	5,733
Shareholders' Equity	144,538	136,164
 Non-Current Liabilities		
Hire purchase payables	243	-
Deferred tax liabilities	7	25
	250	25
 Current Liabilities		
Trade payables	13,798	16,665
Other payables	6,087	7,131
Amount owing to ultimate holding	1,200	20,103
Hire purchase payables	35	4
Short term borrowings	102,452	135,417
	123,572	179,320
TOTAL LIABILITIES	123,822	179,345
TOTAL EQUITY AND LIABILITIES	268,360	315,509
 Net assets per share (RM)	 1.24	 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 31 March 2018 (Unaudited)

	3 months ended 31.3.2018	3 months ended 31.3.2017	Year-to-date ended 31.3.2018	Year-to-date ended 31.3.2017
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	35,802	42,017	150,588	165,551
Cost of sales	<u>(21,731)</u>	<u>(29,207)</u>	<u>(81,435)</u>	<u>(98,521)</u>
Gross profit	14,071	12,810	69,153	67,030
Other operating income	4,385	2,811	4,922	4,328
Selling and distribution expenses	(25,994)	(34,833)	(77,298)	(105,042)
Administrative and other operation expenses	(5,015)	(6,723)	(6,815)	(8,943)
Finance costs	(1,936)	(2,099)	(7,960)	(7,716)
Loss before taxation	<u>(14,489)</u>	<u>(28,034)</u>	<u>(17,998)</u>	<u>(50,343)</u>
Taxation	81	11,572	(1,198)	11,050
Loss from continuing operations, net of tax	<u>(14,408)</u>	<u>(16,462)</u>	<u>(19,196)</u>	<u>(39,293)</u>
<u>Discontinued Operation</u>				
Loss from Discontinued operation, net of tax	-	(7,207)	-	(19,201)
Loss after taxation	<u><u>(14,408)</u></u>	<u><u>(23,669)</u></u>	<u><u>(19,196)</u></u>	<u><u>(58,494)</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2018 (Unaudited) (cont'd)

	3 months ended 31.3.2018	3 months ended 31.3.2017	Year-to-date ended 31.3.2018	Year-to-date ended 31.3.2017
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(14,408)	(23,669)	(19,196)	(58,494)
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive expenses	<u>(14,408)</u>	<u>(23,669)</u>	<u>(19,196)</u>	<u>(58,494)</u>
Total comprehensive expenses attributable to:				
Equity holders	<u>(14,408)</u>	<u>(23,669)</u>	<u>(19,196)</u>	<u>(58,494)</u>
	Sen	Sen	Sen	Sen
Loss per share	<u>(17.84)</u>	<u>(29.92)</u>	<u>(23.77)</u>	<u>(73.93)</u>

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Condensed Statements of Changes in Equity
For the period ended 31 March 2018 (Unaudited)

	← Non-distributable →		Distributable	
	Share Capital RM'000	Share premium RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
At 1.4.2016	79,118	51,313	64,227	194,658
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>130,431</u>	<u>-</u>	<u>5,733</u>	<u>136,164</u>
At 1.4.2017	130,431	-	5,733	136,164
Issuance of ordinary share capital	27,570	-	-	27,570
Loss after taxation/ Total comprehensive expenses	-	-	(19,196)	(19,196)
Transaction with owners - Dividend	-	-	-	-
At as 31.3.2018	<u><u>158,001</u></u>	<u><u>-</u></u>	<u><u>(13,463)</u></u>	<u><u>144,538</u></u>

Asia Brands Berhad (22414-V)
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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2018 (Unaudited)**

	12 months ended 31.3.2018 RM'000	12 months ended 31.3.2017 RM'000
Cash flow from operating activities		
Loss before tax from continuing operations	(17,998)	(50,343)
Loss before tax from discontinued operation	-	(19,201)
	<u>(17,998)</u>	<u>(69,544)</u>
Adjustments for:		
Interest income	(284)	(285)
Interest expenses	7,960	9,374
Non-cash items	12,862	41,918
Operating profit/(loss) before working capital changes	2,540	(18,537)
Net change in current assets	31,412	47,092
Net change in current liabilities	(3,922)	3,818
Cash generated from operations	30,030	32,373
Interest paid	(7,960)	(9,374)
Tax paid	(1,277)	(944)
Net cash generated from operating activities	<u>20,793</u>	<u>22,055</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,168)	(1,014)
Withdrawal of deposit with licensed bank	-	4,115
Net cash inflow from disposal of subsidiary	-	13,649
Interest income	284	285
Proceeds from disposal of property, plant and equipment and investment property	165	1,081
Net cash (used in)/generated from investing activities	<u>(1,719)</u>	<u>18,116</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2018 (Unaudited) (cont'd)**

	12 months ended 31.3.2018 RM'000	12 months ended 31.3.2017 RM'000
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	27,570	-
(Repayment to)/Advance from ultimate holding company	(18,904)	1,139
Net decrease in bank borrowings and hire obligations	(32,690)	(30,605)
Net cash used in financing activities	<u>(24,024)</u>	<u>(29,466)</u>
Net (decrease)/increase in cash and cash equivalents	(4,950)	10,705
Cash and cash equivalents at beginning of period	13,571	2,866
Cash and cash equivalents at end of period	<u>8,621</u>	<u>13,571</u>
<u>Cash and cash equivalents at end of period</u>	12 months ended 31.3.2018 RM'000	12 months ended 31.3.2017 RM'000
Cash and bank balance	8,621	13,571
Less : Fixed deposit with licensed bank with maturity more than 3 months	-	-
	<u>8,621</u>	<u>13,571</u>

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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 current financial year has shown sustainable financial improvement. The pre-tax loss of RM10.3 million compared to pre-tax loss of RM28.0 million for the same period of the preceding year. The Group have met one of the ratios in last quarter with lower indebtedness as required in IMTN this quarter. The Group had managed to turnaround one of the remaining two divisions. The Group will continue on its existing strategy of monitoring and streamlining to turnaround the other division.

The key audit matters highlighted by independent auditors are the valuation 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 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 2018.

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

The share subscription to Trackland Sdn Bhd which represented approximately 31.99% of Asia Brands Berhad's enlarged issued and paid up share capital at an issue price of RM0.741 per subscription share to raise total gross cash proceeds of approximately RM27.57 million is now complete.

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 2018 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 31 March 2018 amounted to RM35.8 million, which was RM6.2 million or 14.8% lower than RM42.0 million for the same quarter last year due to closure of non-performing outlets. The Group recorded a pre-tax loss of RM14.5 million as compared to a pre-tax loss of RM28.0 for the same period of the preceding year. Despite the lower revenue, the losses were narrowed by overheads saved from the closure of non-performing outlets and streamlining of operating expenses.

Revenue for the 12 months period ended 31 March 2018 amounted to RM150.6 million, which was RM15.0 million or 9.1% lower than RM165.6 million for the corresponding 12 months period last year. For the current 12 months period, the Group recorded a pre-tax loss amounting to RM18.0 million as compared to a pre-tax loss of RM50.3 million for the corresponding 12 months period last year. This is due to the same reason as above. However, last year includes a one-off bulk sales of Bontton and Diesel casualwear stocks.

14. Comparison with preceding quarter's results

The Group recorded a marginal increase in revenue of RM0.3 million for the current quarter ended 31 March 2018 to RM35.8 million as compared to RM35.5 million in the preceding quarter ended 31 December 2017.

The Group recorded a higher pre-tax loss of RM14.5 million for the current quarter ended 31 March 2018 as compared to pre-tax loss of RM4.1 million recorded for the quarter ended 31 December 2017 is due to inventory written off amounting to RM5.7 million and impaired goodwill amounting to RM4.2 million that were taken up in the final quarter.

15. Current year prospects

We expect retail to remain soft this year. We will execute more sales activities to compensate for any shortfall from expectation. We have also launched several new store concepts and will continue to be selective in location and sensitivity to rental costs.

With the recent change in government and the abolishment of GST, we are hopeful that the overall economic outlook will improve and the Ringgit would strengthen in the near future which would improve disposal income to generate consumer spending as we are ever to serve and to meet those demands when arises

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 31.3.2018 RM'000	3 months ended 31.3.2017 RM'000	Year-to-date ended 31.3.2018 RM'000	Year-to-date ended 31.3.2017 RM'000
Income tax	77	(382)	(1,192)	(862)
Over/(Under)provision - Prior year	-	-	(23)	(4)
Deferred tax	4	11,954	17	11,916
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	----- 81 =====	----- 11,572 =====	----- (1,198) =====	----- 11,050 =====

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 31.3.2018 RM'000
Long term borrowings	
Secured	
Term loan	-
Short term borrowings	
Secured	
Term loan	90,000
Unsecured	
Bankers' acceptances	12,452
Bank overdrafts	-
	12,452
	102,452

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 116,323,800 (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 accumulated losses of the group as at 31 March 2018, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 31.3.2018 RM'000
Total retained earnings of the Group	
- Realised	6,984
- Unrealised	11,908
	<hr/>
Consolidated adjustments	18,892
	(32,355)
Total accumulated losses as per condensed consolidated statement of changes in equity	<hr/> <u>(13,463)</u>

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

	3 months ended 31.3.2018 RM'000	3 months ended 31.3.2017 RM'000	Year-to-date ended 31.3.2018 RM'000	Year-to-date ended 31.3.2017 RM'000
Profit/(Loss) for the period is arrived at after crediting:				
Interest income	122	151	284	285
Bad debts recovered	-	-	78	-
Gain on foreign exchange-realised	1	19	35	28
Gain on disposal of property, plant and equipment	72	-	72	662
and after charging:				
Interest expense	1,936	2,108	7,960	9,374
Amortisation and Depreciation	1,064	1,520	4,345	7,028
Inventories written-off	5,745	5,253	9,813	8,265
Inventories written down to NRV	1,000	4,943	1,000	13,572
Bad debts written-off	6,766	429	6,830	563
Allowance/(Reversal) of impairment:-				
- Receivable	(6,580)	4,105	(10,292)	2,587
- Inventories	(19)	3,209	(2,883)	3,209
- Goodwill	4,200	-	4,200	-
Property, plant and equipment written-off	-	-	-	640
Loss on disposal of subsidiaries	-	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 2018 (31 March 2017: N/A)

By order of the Board
Chua Siew Chuan
Company Secretary
Kuala Lumpur
31 May 2018