



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 2019.

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 2018.

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 2019

	Unaudited 31.3.2019 RM'000	Audited 31.3.2018 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	8,667	7,351
Intangible assets	131,000	131,000
Goodwill on consolidation	26,705	26,705
Deferred tax assets	11,915	11,915
	178,287	176,971
Current assets		
Inventories	60,024	46,072
Trade receivables	21,767	23,570
Other receivables	5,955	5,873
Tax recoverable	3,254	7,253
Cash and bank balances	4,925	8,621
	95,925	91,389
TOTAL ASSETS	274,212	268,360
 <u>EQUITY AND LIABILITIES</u>		
Share capital	198,279	130,431
Reserves	(8,786)	(13,463)
Shareholders' Equity	189,493	116,968
 Non-Current Liabilities		
Hire purchase payables	207	243
Deferred tax liabilities	-	7
	207	250
 Current Liabilities		
Trade payables	13,174	13,798
Other payables	6,384	6,087
Amount owing to ultimate holding	-	1,200
Hire purchase payables	37	35
Short term borrowings	64,917	102,452
	84,512	123,572
TOTAL LIABILITIES	84,719	123,822
TOTAL EQUITY AND LIABILITIES	274,212	268,360
 Net assets per share (RM)	 0.81	 1.24

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 2019 (Unaudited)

	3 months ended 31.3.2019	3 months ended 31.3.2018	Year-to-date ended 31.3.2019	Year-to-date ended 31.3.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	41,261	35,802	158,299	150,588
Cost of sales	<u>(21,183)</u>	<u>(21,731)</u>	<u>(79,856)</u>	<u>(81,435)</u>
Gross profit	20,078	14,071	78,443	69,153
Other operating income	218	4,385	628	4,922
Selling and distribution expenses	(16,168)	(25,994)	(62,616)	(77,298)
Administrative and other operation expenses	(703)	(5,015)	(2,949)	(6,815)
Finance costs	(1,378)	(1,936)	(6,315)	(7,960)
Profit/(Loss) before taxation	<u>2,047</u>	<u>(14,489)</u>	<u>7,191</u>	<u>(17,998)</u>
Taxation	(469)	81	(1,855)	(1,198)
Profit/(Loss) after taxation	<u><u>1,578</u></u>	<u><u>(14,408)</u></u>	<u><u>5,336</u></u>	<u><u>(19,196)</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2019 (Unaudited) (cont'd)

	3 months ended 31.3.2019	3 months ended 31.3.2018	Year-to-date ended 31.3.2019	Year-to-date ended 31.3.2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	1,578	(14,408)	5,336	(19,196)
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income/(expenses)	<u>1,578</u>	<u>(14,408)</u>	<u>5,336</u>	<u>(19,196)</u>
Total comprehensive income/ (expenses) attributable to:				
Equity holders	<u>1,578</u>	<u>(14,408)</u>	<u>5,336</u>	<u>(19,196)</u>
	Sen	Sen	Sen	Sen
Earnings/(Loss) per share	<u>1.12</u>	<u>(17.84)</u>	<u>3.80</u>	<u>(23.77)</u>

Asia Brands Berhad (22414-V)
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Condensed Statements of Changes in Equity
For the period ended 31 March 2019 (Unaudited)

	Non- distributable	Distributable	
	Share Capital RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
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>158,001</u>	<u>(13,463)</u>	<u>144,538</u>
At 1.4.2018	158,001	(13,463)	144,538
Effect on adopting MFRS 9	-	(659)	(659)
Issuance of ordinary share capital	40,713	-	40,713
Share issuance expenses	(435)	-	(435)
Profit after taxation/ Total comprehensive income	-	5,336	5,336
Transaction with owners - Dividend	-	-	-
At as 31.3.2019	<u>198,279</u>	<u>(8,786)</u>	<u>189,493</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2019 (Unaudited)**

	12 months ended 31.3.2019 RM'000	12 months ended 31.3.2018 RM'000
Cash flow from operating activities		
Profit/(Loss) before tax	7,191	(17,998)
Adjustments for:		
Interest income	(254)	(284)
Interest expenses	6,315	7,960
Non-cash items	1,706	12,862
Operating profit before working capital changes	14,958	2,540
Net change in current assets	(13,197)	31,412
Net change in current liabilities	(1,039)	(3,922)
Cash generated from operations	722	30,030
Interest paid	(6,315)	(7,960)
Tax paid	2,850	(1,277)
Net cash (used in)/generated from operating activities	(2,743)	20,793
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,715)	(1,887)
Interest income	254	284
Proceeds from disposal of property, plant and equipment and investment property	-	165
Net cash used in investing activities	(2,461)	(1,438)
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	40,278	27,570
Repayment to ultimate holding company	(1,200)	(18,904)
Net increase/(decrease) in bank borrowings and hire obligations	(37,570)	(32,971)
Net cash generated from/(used in) financing activities	1,508	(24,305)
Net decrease in cash and cash equivalents	(3,696)	(4,950)
Cash and cash equivalents at beginning of period	8,621	13,571
Cash and cash equivalents at end of period	4,925	8,621
	12 months ended 31.12.2019 RM'000	12 months ended 31.3.2018 RM'000
<u>Cash and cash equivalents at end of period</u>		
Cash and bank balance	4,925	8,621

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 2018.

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 2018 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 2018.

Adoption of new and amended standards

- Amendments to MFRS 107 Disclosure Initiative
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRSs 2014 – 2016 Cycle Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the 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 2018. However the auditors draw attention to the material uncertainty related to going concern due to the Group's net current liabilities which arises from reclassification on Islamic Medium Term Notes ("IMTN") to current liabilities as a result of non-compliance with financial covenants as required in IMTN.

Subsequent to the financial period, the company had raised RM40,713,330 mainly to settle the IMTN of RM40,000,000 which is due on 18 March 2019. Upon the settlement of this IMTN of RM40,000,000, the Company is working to restructure the final balance of RM50,000,000 which will be due next year."

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

Subsequent the financial period, the company has issued 116,323,800 ordinary shares for RM0.35 per share raising RM40,713,330.

7. The amount of dividends paid (aggregate or per share)

There were no dividends paid by the Company during the quarter ended 31 March 2019.

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 31 March 2019.

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 2019 amounted to RM66,000,000 (31 March 2018 : RM108,000,000).

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 2019 amounted to RM41.3 million, which was RM5.5 million or 15.4% higher than RM35.8 million for the same quarter last year. The Group recorded a pre-tax profit of RM2.1 million as compared to a pre-tax loss of RM14.5 million for the same period of the preceding year. The higher revenue and pre-tax profit were due to the better stores productivity over the period.

Revenue for the 12 months period ended 31 March 2019 amounted to RM158.3 million, which was RM7.7 million or 5.1% higher than RM150.6 million for the corresponding 12 months period last year. For the current 12 months period, the Group recorded pre-tax profit amounting to RM7.2 million as compared to a pre-tax loss of RM18.0 million for the corresponding 12 months period last year. This is due to the same reason as above.

14. Comparison with preceding quarter's results

The Group recorded a decrease in revenue of RM0.5 million for the current quarter ended 31 March 2019 to RM41.3 million as compared to RM41.8 million in the preceding quarter ended 31 December 2019.

The Group recorded a pre-tax profit of RM2.1 million for the current quarter ended 31 March 2019 as compared to pre-tax profit of RM1.9 million recorded for the quarter ended 31 December 2018. This is mainly due to the current quarter being a clearance quarter.

15. Current year prospects

Action plans to close down non-performing outlets and replacing them with new and cost efficient retail formats in improving profitability and margins is on-going. With a stronger balance sheet the group looks forward to capture market opportunities and increase its market share this financial year.

We are hopeful that the overall economic outlook would continue to improve and consumer spending would follow.

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 31.3.2019 RM'000	3 months ended 31.3.2018 RM'000	Year-to-date ended 31.3.2019 RM'000	Year-to-date ended 31.3.2018 RM'000
Income tax	(471)	77	(1,918)	(1,192)
Over/(Under)provision - Prior year	-	-	56	(23)
Deferred tax	2	4	7	17
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	----- (469) =====	----- 81 =====	----- (1,855) =====	----- (1,198) =====

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 31.3.2019
	RM'000
Long term borrowing	
Secured	
Term loan	-
Short term borrowings	
Secured	
Term loan	50,000
Unsecured	
Bankers' acceptances	14,917
Bank overdrafts	-
	14,917
	64,917

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 102,938,596 (2018 : 80,952,059) during the period.

25. Profit for the Period/Year

	3 months ended 31.3.2019 RM'000	3 months ended 31.3.2018 RM'000	Year-to-date ended 31.3.2019 RM'000	Year-to-date ended 31.3.2018 RM'000
Profit for the period is arrived at after crediting:				
Interest income	123	122	254	284
Bad debts recovered	72	-	72	78
Gain on foreign exchange-realised	2	1	15	35
and after charging:				
Interest expense	1,378	1,936	6,315	7,960
Amortisation and Depreciation	321	1,064	1,390	4,345
Inventories written-off	302	5,745	502	9,813
Inventories written-down	-	1,000	133	1,000
Bad debts written-off	1	6,766	89	6,830
Allowance/(Reversal) of impairment:-				
- Receivable	12	(6,580)	(11)	(10,292)
- Inventories	(333)	(19)	(333)	(2,883)
- Goodwill	-	4,200	-	4,200
Property, plant and equipment written-off	10	-	10	-

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 31 March 2019 (31 March 2018: N/A)

By order of the Board
Chua Siew Chuan
Company Secretary
Kuala Lumpur
30 May 2019