



Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)
Lot 10449, Jalan Nenas, Batu 4 ½, Kampung Jawa, 41000 Klang,
Selangor Darul Ehsan.
Telephone: 03-51618822 / Fax: 03-51612728
Email: info@asiabrands.com.my

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 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 2019.

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 June 2019

	Unaudited 30.6.2019 RM'000	Audited 31.3.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,583	8,667
Right of use assets	12,631	-
Intangible assets	131,000	131,000
Goodwill on consolidation	26,705	26,705
Deferred tax assets	11,915	11,915
	191,834	178,287
Current assets		
Inventories	75,260	60,024
Trade receivables	27,600	21,767
Other receivables	5,542	5,955
Tax recoverable	4	3,254
Cash and bank balances	5,937	4,925
	114,343	95,925
TOTAL ASSETS	306,177	274,212
EQUITY AND LIABILITIES		
Share capital	198,279	198,279
Reserves	(4,201)	(8,786)
Shareholders' Equity	194,078	189,492
Non-Current Liabilities		
Hire purchase payables	197	207
Lease liabilities	6,471	-
Deferred tax liabilities	(14)	-
	6,654	207
Current Liabilities		
Trade payables	24,957	13,174
Other payables	9,184	6,385
Amount owing to ultimate holding	-	-
Hire purchase payables	37	37
Lease liabilities	6,286	-
Short term borrowings	64,981	64,917
	105,445	84,513
TOTAL LIABILITIES	112,099	84,720
TOTAL EQUITY AND LIABILITIES	306,177	274,212
Net assets per share (RM)	0.83	0.82

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive
Income for the period ended 30 June 2019 (Unaudited)**

	3 months ended 30.6.2019	3 months ended 30.6.2018	Year-to-date ended 30.6.2019	Year-to-date ended 30.6.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	48,315	39,713	48,315	39,713
Cost of sales	<u>(24,017)</u>	<u>(20,287)</u>	<u>(24,017)</u>	<u>(20,287)</u>
Gross profit	24,298	19,426	24,298	19,426
Other operating income	460	180	460	180
Selling and distribution expenses	(17,534)	(15,083)	(17,534)	(15,083)
Administrative and other operation expenses	(874)	(888)	(874)	(888)
Finance costs	<u>(1,233)</u>	<u>(1,603)</u>	<u>(1,233)</u>	<u>(1,603)</u>
Profit/(Loss) before taxation	5,117	2,032	5,117	2,032
Taxation	<u>(531)</u>	<u>(579)</u>	<u>(531)</u>	<u>(579)</u>
Profit/(Loss) after taxation	<u>4,586</u>	<u>1,453</u>	<u>4,586</u>	<u>1,453</u>

Asia Brands Berhad (22414-V)

(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2019 (Unaudited) (cont'd)

	3 months ended 30.6.2019	3 months ended 30.6.2018	Year-to-date ended 30.6.2019	Year-to-date ended 30.6.2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	4,586	1,453	4,586	1,453
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income/(expenses)	<u>4,586</u>	<u>1,453</u>	<u>4,586</u>	<u>1,453</u>
Total comprehensive income/ (expenses) attributable to:				
Equity holders	<u>4,586</u>	<u>1,453</u>	<u>4,586</u>	<u>1,453</u>
	Sen	Sen	Sen	Sen
Earnings/(Loss) per share	<u>1.97</u>	<u>1.25</u>	<u>1.97</u>	<u>1.25</u>

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)
Condensed Statements of Changes in Equity
For the period ended 30 June 2019 (Unaudited)

	Non- distributable	Distributable	
	Share Capital RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
At 1.4.2018	158,001	(13,463)	144,538
Profit after taxation/ Total comprehensive expenses	-	1,453	1,453
Transaction with owners - Dividend	-	-	-
At as 30.6.2018	<u>158,001</u>	<u>(12,010)</u>	<u>145,991</u>
At 1.4.2019	198,279	(8,780)	189,499
Profit after taxation/ Total comprehensive income	-	4,586	4,586
Transaction with owners - Dividend	-	-	-
At as 30.6.2019	<u>198,279</u>	<u>(4,194)</u>	<u>194,085</u>

Asia Brands Berhad (22414-V)
(Incorporated in Malaysia)
Condensed Consolidated Statements of Cash Flow
for the period ended 30 June 2019 (Unaudited)

	3 months ended 30.6.2019 RM'000	3 months ended 30.6.2018 RM'000
Cash flow from operating activities		
Profit/(Loss) before tax	5,117	2,032
Adjustments for:		
Interest income	(59)	(25)
Interest expenses	1,233	1,603
Non-cash items	1,895	417
Operating profit before working capital changes	8,186	4,027
Net change in current assets	(20,588)	(11,974)
Net change in current liabilities	14,202	13,545
Cash generated from operations	1,800	5,598
Interest paid	(1,233)	(1,603)
Tax refund/(paid)	3,084	(196)
Net cash (used in) / generated from operating activities	3,651	3,799
Cash flow from investing activities		
Purchase of property, plant and equipment	(15,511)	(422)
Interest income	59	25
Net cash used in investing activities	(15,452)	(397)
Cash flow from financing activities		
Repayment to ultimate holding company	-	(1,200)
Net increase/(decrease) in bank borrowings and hire obligations	55	1,431
Repayment of principal of lease liabilities	12,757	-
Net cash generated from/(used in) financing activities	12,812	(2,631)
Net decrease in cash and cash equivalents	1,011	771
Cash and cash equivalents at beginning of period	4,926	8,621
Cash and cash equivalents at end of period	5,937	9,392
	3 months ended 30.6.2019 RM'000	3 months ended 30.6.2018 RM'000
<u>Cash and cash equivalents at end of period</u>		
Cash and bank balance	5,937	9,392

Explanatory Notes

Explanatory notes pursuant to MFRS 134, "Interim Financial Reporting"

1. Basis of Preparation

The unaudited quarterly report has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2019, except for changes arising from the adoption of MFRS 16 Leases as described below:

The Group has adopted MFRS 16 in the current financial period, where MFRS 16 supersedes MFRS 117 Leases and the related interpretations. Under MFRS 16, a lease is a contract (or part of contract) that conveys the right to control the use of an identified assets for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires the lessee to recognise a "right-of-use" of the underlying assets and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principles in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the income statement.

On the date of initial application, the Group applied the modified retrospective method and did not restate comparative amounts for the period prior to first adoption. The impact of adopting MFRS 16 to opening balances are as follows:

Balance sheet

Impact of adopting MFRS 16 at 1 April 2019:

	RM'000
Right-of-use assets	14,264
Lease liabilities	(14,264)

The finance lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 April 2019. Right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of the prepaid or accrued lease payments. Accordingly, there is no impact to the accumulated losses of the Group as at 1 April 2019.

On the income statement, expenses which previously included operating lease rental within EBITDA were replaced by interest expenses on lease liabilities and depreciation of the right-of-use-assets. On the statement of cash flows, operating lease rental outflows previously recorded within "net cash flows from operating activities" were reclassified as "net cash flows used in financing activities" for repayment of principal of lease liabilities and "net cash flows used in operating activities" for cash payments for the interest portion of the lease liability.

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 2019 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 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 30 June 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 30 June 2019 amounted to RM66,000,000 (30 June 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 30 June 2019 amounted to RM48.3 million, which was RM8.6 million or 21.7% higher than RM39.7 million for the same quarter last year. The Group recorded a pre-tax profit of RM5.2 million as compared to a pre-tax profit of RM2.0 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.

14. Comparison with preceding quarter's results

The Group recorded an increase in revenue of RM7.0 million for the current quarter ended 30 June 2019 to RM48.3 million as compared to RM41.3 million in the preceding quarter ended 31 March 2019.

The Group recorded a pre-tax profit of RM5.2 million for the current quarter ended 30 June 2019 as compared to pre-tax profit of RM2.1 million recorded for the quarter ended 31 March 2019. This is mainly due to the current quarter being a festive quarter.

15. Current year prospects

Providing quality products at affordable pricing and improving productivity will be the thrust forward in current year financials. We foresee the market to remain receptive to more value-for-money product offerings in the coming financial year.

Barring any unforeseen circumstances and fallout from the US and China trade war, the group remain cautiously optimistic for the balance of the current year prospect.

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 30.6.2019 RM'000	3 months ended 30.6.2018 RM'000	Year-to-date ended 30.6.2019 RM'000	Year-to-date ended 30.6.2018 RM'000
Income tax	(545)	(581)	(545)	(581)
Over/(Under)provision - Prior year	-	-	-	-
Deferred tax	14	2	14	2
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	-----	-----	-----	-----
	(531)	(579)	(531)	(579)
	=====	=====	=====	=====

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 30.6.2019 RM'000
Long term borrowing	
Secured	
Term loan	-
Short term borrowings	
Secured	
Term loan	50,000
Unsecured	
Bankers' acceptances	14,981
Bank overdrafts	-
	14,981
	64,981

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 232,647,600 (2019 : 116,323,800) during the period.

25. Profit for the Period/Year

	3 months ended 30.6.2019 RM'000	3 months ended 30.6.2018 RM'000	Year-to-date ended 30.6.2019 RM'000	Year-to-date ended 30.6.2018 RM'000
Profit for the period is arrived at after crediting:				
Interest income	59	25	59	25
Bad debts recovered	72	-	72	-
and after charging:				
Interest expense	1,233	1,603	1,233	1,603
Depreciation for right of use asset	1,634	-	1,634	-
Inventories (written-back)/written-off	36	(23)	36	(23)
Bad debts written-off	-	88	-	88
Allowance/(Reversal) of impairment:- - Receivable	33	(323)	33	(323)

There were neither gains nor loss on derivatives or exceptional items for current quarter and financial period to-date 30 June 2019 (30 June 2018: N/A)

By order of the Board
Chua Siew Chuan
Company Secretary
Kuala Lumpur
23 August 2019