



**Asia Brands Berhad** (197501000740(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 June 2020.

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 2020.

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** (197501000740(22414-V))  
(Incorporated in Malaysia)  
**Condensed Consolidated Statements of Financial Position**  
**as at 30 June 2020**

|                                     | Unaudited<br>30.6.2020<br>RM'000 | Unaudited<br>30.6.2019<br>RM'000 | Audited<br>31.3.2020<br>RM'000 |
|-------------------------------------|----------------------------------|----------------------------------|--------------------------------|
| <b>ASSETS</b>                       |                                  |                                  |                                |
| <b>Non-current assets</b>           |                                  |                                  |                                |
| Plant and equipment                 | 11,936                           | 9,583                            | 12,242                         |
| Right of use assets                 | 9,855                            | 12,631                           | 10,355                         |
| Intangible assets                   | 131,000                          | 131,000                          | 131,000                        |
| Goodwill on consolidation           | 26,705                           | 26,705                           | 26,705                         |
| Deferred tax assets                 | 11,915                           | 11,915                           | 11,915                         |
|                                     | <u>191,411</u>                   | <u>191,834</u>                   | <u>192,217</u>                 |
| <b>Current assets</b>               |                                  |                                  |                                |
| Inventories                         | 68,860                           | 75,260                           | 68,096                         |
| Trade receivables                   | 19,216                           | 27,600                           | 18,057                         |
| Other receivables                   | 5,608                            | 5,542                            | 5,467                          |
| Tax recoverable                     | 178                              | 4                                | 177                            |
| Cash and bank balances              | 10,900                           | 5,937                            | 7,124                          |
|                                     | <u>104,762</u>                   | <u>114,343</u>                   | <u>98,921</u>                  |
| <b>TOTAL ASSETS</b>                 | <b><u>296,173</u></b>            | <b><u>306,177</u></b>            | <b><u>291,138</u></b>          |
| <b>EQUITY AND LIABILITIES</b>       |                                  |                                  |                                |
| Share capital                       | 198,279                          | 198,279                          | 198,279                        |
| Reserves                            | 3,956                            | (4,201)                          | (273)                          |
| <b>Shareholders' Equity</b>         | <u>202,235</u>                   | <u>194,078</u>                   | <u>198,006</u>                 |
| <b>Non-Current Liabilities</b>      |                                  |                                  |                                |
| Hire purchase payables              | 391                              | 197                              | 404                            |
| Lease liabilities                   | 5,991                            | 6,471                            | 6,073                          |
| Deferred tax liabilities            | -                                | (14)                             | -                              |
| Borrowing                           | 30,000                           | -                                | 30,000                         |
|                                     | <u>36,382</u>                    | <u>6,654</u>                     | <u>36,477</u>                  |
| <b>Current Liabilities</b>          |                                  |                                  |                                |
| Trade payables                      | 17,358                           | 24,957                           | 17,407                         |
| Other payables                      | 9,546                            | 9,184                            | 8,204                          |
| Amount owing to related party       | 1,500                            | -                                | 1,500                          |
| Hire purchase payables              | 92                               | 37                               | 97                             |
| Lease liabilities                   | 4,136                            | 6,286                            | 4,534                          |
| Short term borrowings               | 24,924                           | 64,981                           | 24,913                         |
|                                     | <u>57,556</u>                    | <u>105,445</u>                   | <u>56,655</u>                  |
| <b>TOTAL LIABILITIES</b>            | <b><u>93,938</u></b>             | <b><u>112,099</u></b>            | <b><u>93,132</u></b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b><u>296,173</u></b>            | <b><u>306,177</u></b>            | <b><u>291,138</u></b>          |
| Net assets per share (RM)           | <u><u>0.87</u></u>               | <u><u>0.83</u></u>               | <u><u>0.85</u></u>             |

**Asia Brands Berhad** (197501000740(22414-V))  
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**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2020 (Unaudited)**

|   | <b>3 months<br/>ended<br/>30.6.2020<br/>RM'000</b> | <b>3 months<br/>ended<br/>30.6.2019<br/>RM'000</b> | <b>Year-to-date<br/>ended<br/>30.6.2020<br/>RM'000</b> | <b>Year-to-date<br/>ended<br/>30.6.2019<br/>RM'000</b> |
|---|--|--|--|--|
| Revenue                                     | 34,694   | 53,764   | 34,694   | 53,764   |
| Cost of sales                               | <u>(15,004)</u>                                    | <u>(24,017)</u>                                    | <u>(15,004)</u>  | <u>(24,017)</u>  |
| Gross profit                                | 19,690   | 29,747   | 19,690   | 29,747   |
| Other operating income                      | 385  | 460  | 385  | 460  |
| Selling and distribution expenses           | (14,440)   | (22,983)   | (14,440)   | (22,983)   |
| Administrative and other operation expenses | (473)  | (874)  | (473)  | (874)  |
| Finance costs                               | (871)  | (1,233)  | (871)  | (1,233)  |
| Profit before taxation                      | <u>4,291</u>                                       | <u>5,117</u>                                       | <u>4,291</u>   | <u>5,117</u>   |
| Taxation                                    | (62)   | (531)  | (62)   | (531)  |
| Profit after taxation                       | <u><u>4,229</u></u>                                | <u><u>4,586</u></u>                                | <u><u>4,229</u></u>                                    | <u><u>4,586</u></u>                                    |

**Asia Brands Berhad** (197501000740(22414-V))  
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**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2020 (Unaudited) (cont'd)**

|  | 3 months<br>ended<br>30.6.2020 | 3 months<br>ended<br>30.6.2019 | Year-to-date<br>ended<br>30.6.2020 | Year-to-date<br>ended<br>30.6.2019 |
|--|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
|  | RM'000                         | RM'000                         | RM'000                             | RM'000                             |
| Profit for the period  | 4,229                          | 4,586                          | 4,229                              | 4,586                              |
| <b>Other comprehensive income:</b>                             |                                |                                |                                    |                                    |
| Available for sale (AFS)<br>Investments fair value<br>movement | -                              | -                              | -                                  | -                                  |
| <b>Total comprehensive<br/>income</b>                          | <u>4,229</u>                   | <u>4,586</u>                   | <u>4,229</u>                       | <u>4,586</u>                       |
| <b>Total comprehensive income<br/>attributable to:</b>         |                                |                                |                                    |                                    |
| <b>Equity holders</b>  | <u>4,229</u>                   | <u>4,586</u>                   | <u>4,229</u>                       | <u>4,586</u>                       |
|  | <b>Sen</b>                     | <b>Sen</b>                     | <b>Sen</b>                         | <b>Sen</b>                         |
| Earnings per share   | <u>1.82</u>                    | <u>1.97</u>                    | <u>1.82</u>                        | <u>1.97</u>                        |

**Asia Brands Berhad** (197501000740(22414-V))  
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**Condensed Statements of Changes in Equity**  
**For the period ended 30 June 2020 (Unaudited)**

|   | Non-<br>distributable      | Distributable   |                 |
|---|----------------------------|---|-----------------|
|   | Share<br>Capital<br>RM'000 | Retained<br>profits/<br>(Accumulated<br>losses)<br>RM'000 | Total<br>RM'000 |
| At 1.4.2019   | 198,279                    | (8,786)   | 189,493         |
| Profit after taxation/<br>Total comprehensive<br>expenses | -                          | 4,586   | 4,586           |
| Transaction with<br>owners<br>- Dividend                  | -                          | -   | -               |
| At as 30.6.2019   | <u>198,279</u>             | <u>(4,200)</u>  | <u>194,079</u>  |
| At 1.4.2020   | 198,279                    | (273)   | 198,006         |
| Profit after taxation/<br>Total comprehensive<br>income   | -                          | 4,229   | 4,229           |
| Transaction with<br>owners<br>- Dividend                  | -                          | -   | -               |
| At as 30.6.2020   | <u>198,279</u>             | <u>3,956</u>  | <u>202,235</u>  |

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**Condensed Consolidated Statements of Cash Flow  
for the period ended 30 June 2020 (Unaudited)**

|   | <b>3 months ended<br/>30.6.2020<br/>RM'000</b> | <b>3 months ended<br/>30.6.2019<br/>RM'000</b> |
|---|--|--|
| <b>Cash flow from operating activities</b>                      |  |  |
| Profit before tax   | 4,291  | 5,117  |
| Adjustments for:  |  |  |
| Interest income   | (91)   | (59)   |
| Interest expenses   | 871  | 1,233  |
| Non-cash items  | 2,661  | 1,895  |
| Operating profit before working capital changes                 | 7,732  | 8,186  |
| Net change in current assets                                    | (2,591)  | (20,588)                                       |
| Net change in current liabilities                               | 1,232  | 14,202   |
| Cash generated from operations                                  | 6,373  | 1,800  |
| Interest paid   | (871)  | (1,233)  |
| Tax paid  | (2)  | 3,084  |
| Net cash generated from operating activities                    | 5,500  | 3,651  |
| <b>Cash flow from investing activities</b>                      |  |  |
| Purchase of plant and equipment                                 | (157)  | (1,246)  |
| Right of use assets   | (1,144)  | (14,265)                                       |
| Proceeds from disposal of plant and equipment                   | 1  | -  |
| Interest income   | 63   | 59   |
| Net cash used in investing activities                           | (1,237)  | (15,452)                                       |
| <b>Cash flow from financing activities</b>                      |  |  |
| Net increase/(decrease) in bank borrowings and hire obligations | (6)  | 55   |
| (Decrease)/Increase in Lease Liabilities                        | (480)  | 12,757   |
| Net cash (used in) / generated from financing activities        | (486)  | 12,812   |
| <b>Net increase in cash and cash equivalents</b>                | 3,777  | 1,011  |
| <b>Cash and cash equivalents at beginning of period</b>         | 7,123  | 4,926  |
| <b>Cash and cash equivalents at end of period</b>               | 10,900   | 5,937  |
|   | <b>3 months ended<br/>30.6.2020<br/>RM'000</b> | <b>3 months ended<br/>30.6.2019<br/>RM'000</b> |
| <b><u>Cash and cash equivalents at end of period</u></b>        |  |  |
| Cash and bank balance   | 10,900   | 5,937  |
| Less: Bank Balance Pledge-Al Rajhi                              | (286)  | (39)   |
| <b>Cash and cash equivalents at end of period</b>               | 10,614   | 5,898  |

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## **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 2020.

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 2020 except for the adoption of the following MFRSs and Amendments to MFRSs during the financial year which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

|  |                                   |
|--|-----------------------------------|
| Amendments to MFRS 9,<br>MFRS 139 and MFRS 7 | Interest Rate Benchmark Reform    |
| Amendments to MFRS 101<br>and MFRS 108       | Definition of Material            |
| Amendments to MFRS 3                         | Definition of Business            |
| Amendments to MFRS 16                        | Covid-19 Related Rent Concessions |

#### **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 2020 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 2020.

**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 plant and equipment**

There was no valuation of 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 2020.

**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 2020 amounted to RM56,000,000 (30 June 2019 : RM66,000,000).

**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 2020 amounted to RM34.7 million, which was RM19.1 million or 35.5% lower than RM53.8 million for the same quarter last year. The Group recorded a pre-tax profit of RM4.3 million as compared to a pre-tax profit of RM5.1 million for the same period of the preceding year. The lower revenue and pre-tax profit were due to the government imposed Movement Control Order (MCO) over the Covid-19 pandemic.



#### 14. Comparison with preceding quarter's results

The Group recorded a drop in revenue of RM3.1 million for the current quarter ended 30 June 2020 to RM34.7 million as compared to RM37.8 million in the preceding quarter ended 31 March 2020. This is mainly due to the government imposed Movement Control Order (MCO) over the Covid-19 pandemic.

The Group recorded a pre-tax profit of RM4.3 million for the current quarter ended 30 June 2020 as compared to pre-tax loss of RM1.0 million recorded for the quarter ended 31 March 2020. This is a result of reduction in operating expenses during the period.

#### 15. Current year prospects

In response to the evolving COVID-19 pandemic, the company continues to adhere to its plans to keep its employees and customers healthy and safe, as well as ensuring continued operations and business continuity. In addition, our supply chain partners remain supportive.

Our business so far has remained resilient despite the impact of MCO. We have also benefitted from the stimulus packages offered by the Malaysian Government which helped to manage our expenses. Moving forward we will remain cautiously optimistic of a recovery in our 3<sup>rd</sup> quarter as the market becomes more challenging after moratorium ends.

#### 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<br>ended<br>30.6.2020<br>RM'000 | 3 months<br>ended<br>30.6.2019<br>RM'000 | Year-to-date<br>ended<br>30.6.2020<br>RM'000 | Year-to-date<br>ended<br>30.6.2019<br>RM'000 |
|---|--|--|--|--|
| Income tax  | (62)                                     | (545)                                    | (62)   | (545)  |
| Over/(Under)provision<br>- Prior year   | -  | -  | -  | -  |
| Deferred tax  | -  | 14                                       | -  | 14   |
| Effect on opening<br>deferred tax resulting<br>from a reduction in<br>income tax rate | -  | -  | -  | -  |
|   | -----<br>(62)<br>=====                   | -----<br>(531)<br>=====                  | -----<br>(62)<br>=====                       | -----<br>(531)<br>=====                      |

**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:

|                              | <b>As at<br/>30.6.2020</b> |
|------------------------------|----------------------------|
|                              | <b>RM'000</b>              |
| <b>Long term borrowing</b>   |                            |
| <b>Secured</b>               |                            |
| Term loan                    | <u>30,000</u>              |
| <b>Short term borrowings</b> |                            |
| <b>Secured</b>               |                            |
| Term loan                    | 10,000                     |
| <b>Unsecured</b>             |                            |
| Bankers' acceptances         | 14,924                     |
| Bank overdrafts              | -                          |
|                              | <u>14,924</u>              |
|                              | <u>54,924</u>              |

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 (2020 : 232,647,600) during the period.

## 25. Profit for the Period/Year

|   | 3 months<br>ended<br>30.6.2020<br>RM'000 | 3 months<br>ended<br>30.6.2019<br>RM'000 | Year-to-date<br>ended<br>30.6.2020<br>RM'000 | Year-to-date<br>ended<br>30.6.2019<br>RM'000 |
|---|--|--|--|--|
| <b>Profit for the period is arrived at after crediting:</b> |  |  |  |  |
| Interest income   | 91                                       | 59                                       | 91   | 59   |
| Bad debts recovered   | -  | 72                                       | -  | 72   |
| <b>and after charging:</b>                                  |  |  |  |  |
| Interest expense  | 731                                      | 1,020                                    | 731  | 1,020  |
| Interest expense on lease liability                         | 140                                      | 213                                      | 140  | 213  |
| Amortisation and Depreciation                               | 464                                      | 330                                      | 464  | 330  |
| Depreciation for right of use asset                         | 1,644                                    | 1,634                                    | 1,644  | 1,634  |
| Inventories written-down                                    | 295                                      | -  | 295  | -  |
| Inventories written-off                                     | 496                                      | 36                                       | 496  | 36   |
| Inventories written-back                                    | (263)                                    | -  | (263)  | -  |
| Reversal of impairment:-                                    |  |  |  |  |
| - Receivable  | -  | (33)                                     | -  | (33)   |
| (Loss)/Gain on short term investment                        | (28)                                     | 71                                       | (28)   | 71   |
| Gain on disposal of plant and equipment                     | 1  | -  | 1  | -  |

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 30 June 2020 (30 June 2019: N/A)

By order of the Board  
Mak Chooi Peng  
Company Secretary  
Petaling Jaya  
26 August 2020