



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 September 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))
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**Condensed Consolidated Statements of Financial Position
as at 30 September 2020**

	Unaudited 30.9.2020 RM'000	Unaudited 30.9.2019 RM'000	Audited 31.3.2020 RM'000
ASSETS			
Non-current assets			
Plant and equipment	11,703	10,546	12,242
Right of use assets	9,732	10,952	10,355
Intangible assets	131,000	131,000	131,000
Goodwill on consolidation	26,707	26,705	26,705
Deferred tax assets	11,915	11,915	11,915
	<u>191,057</u>	<u>191,118</u>	<u>192,217</u>
Current assets			
Inventories	61,665	79,067	68,096
Trade receivables	22,229	23,173	18,058
Other receivables	5,553	5,682	5,467
Tax recoverable	180	7	177
Cash and bank balances	11,976	6,604	7,124
	<u>101,603</u>	<u>114,533</u>	<u>98,922</u>
TOTAL ASSETS	<u>292,660</u>	<u>305,651</u>	<u>291,139</u>
EQUITY AND LIABILITIES			
Share capital	198,279	198,279	198,279
Reserves	9,304	(2,877)	(273)
Shareholders' Equity	<u>207,583</u>	<u>195,402</u>	<u>198,006</u>
Non-Current Liabilities			
Hire purchase payables	366	339	404
Lease liabilities	6,112	5,394	6,073
Deferred tax liabilities	-	1	-
Borrowing	30,000	-	30,000
	<u>36,478</u>	<u>5,734</u>	<u>36,477</u>
Current Liabilities			
Trade payables	14,713	25,949	17,407
Other payables	9,001	7,953	8,205
Amount owing to related party	-	-	1,500
Hire purchase payables	99	72	97
Lease liabilities	3,915	5,824	4,534
Short term borrowings	20,871	64,717	24,913
	<u>48,599</u>	<u>104,515</u>	<u>56,656</u>
TOTAL LIABILITIES	<u>85,077</u>	<u>110,249</u>	<u>93,133</u>
TOTAL EQUITY AND LIABILITIES	<u>292,660</u>	<u>305,651</u>	<u>291,139</u>
Net assets per share (RM)	<u><u>0.89</u></u>	<u><u>0.84</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 September 2020 (Unaudited)

	3 months ended 30.9.2020 RM'000	3 months ended 30.9.2019 RM'000	Year-to-date ended 30.9.2020 RM'000	Year-to-date ended 30.9.2019 RM'000
Revenue	49,233	45,024	83,927	98,788
Cost of sales	<u>(23,181)</u>	<u>(20,743)</u>	<u>(38,185)</u>	<u>(44,760)</u>
Gross profit	26,052	24,281	45,742	54,028
Other operating income	266	142	651	602
Selling and distribution expenses	(19,117)	(20,857)	(33,557)	(43,841)
Administrative and other operation expenses	(604)	(755)	(1,077)	(1,629)
Finance costs	(801)	(1,217)	(1,672)	(2,450)
Profit before taxation	<u>5,796</u>	<u>1,594</u>	<u>10,087</u>	<u>6,710</u>
Taxation	(448)	(270)	(510)	(801)
Profit after taxation	<u><u>5,348</u></u>	<u><u>1,324</u></u>	<u><u>9,577</u></u>	<u><u>5,909</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2020 (Unaudited) (cont'd)

	3 months ended 30.9.2020	3 months ended 30.9.2019	Year-to-date ended 30.9.2020	Year-to-date ended 30.9.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	5,348	1,324	9,577	5,909
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income	<u>5,348</u>	<u>1,324</u>	<u>9,577</u>	<u>5,909</u>
Total comprehensive income attributable to:				
Equity holders	<u>5,348</u>	<u>1,324</u>	<u>9,577</u>	<u>5,909</u>
	Sen	Sen	Sen	Sen
Earnings per share	<u>2.30</u>	<u>0.57</u>	<u>4.12</u>	<u>2.54</u>

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Condensed Statements of Changes in Equity
For the period ended 30 September 2020 (Unaudited)

	Non- distributable	Distributable	
	Share Capital RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
At 1.4.2019	198,279	(8,786)	189,493
Profit after taxation/ Total comprehensive expenses	-	5,909	5,909
Transaction with owners - Dividend	-	-	-
At as 30.9.2019	<u>198,279</u>	<u>(2,877)</u>	<u>195,402</u>
At 1.4.2020	198,279	(273)	198,006
Profit after taxation/ Total comprehensive income	-	9,577	9,577
Transaction with owners - Dividend	-	-	-
At as 30.9.2020	<u>198,279</u>	<u>9,304</u>	<u>207,583</u>

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

	6 months ended 30.9.2020 RM'000	6 months ended 30.9.2019 RM'000
Cash flow from operating activities		
Profit before tax	10,087	6,711
Adjustments for:		
Interest income	(169)	(132)
Interest expenses	1,672	2,450
Non-cash items	5,344	1,170
Operating profit before working capital changes	16,934	10,199
Net change in current assets	891	(20,177)
Net change in current liabilities	(2,392)	13,955
Cash generated from operations	15,433	3,977
Interest paid	(1,672)	(2,450)
Tax paid	(20)	2,834
Net cash generated from operating activities	13,741	4,361
Cash flow from investing activities		
Purchase of plant and equipment	(395)	(3,117)
Right of use assets	(2,467)	(10,952)
Proceeds from disposal of plant and equipment	1	69
Interest income	131	132
Net cash used in investing activities	(2,730)	(13,868)
Cash flow from financing activities		
Net (decrease)/increase in bank borrowings and hire obligations	(5,327)	1,679
(Decrease)/Increase in Lease Liabilities	(580)	11,218
Net cash (used in) / generated from financing activities	(5,907)	12,897
Net increase in cash and cash equivalents	5,104	3,390
Cash and cash equivalents at beginning of period	6,838	3,175
Cash and cash equivalents at end of period	11,942	6,565
	6 months ended 30.9.2020 RM'000	6 months ended 30.9.2019 RM'000
<u>Cash and cash equivalents at end of period</u>		
Cash and bank balance	11,976	6,604
Less: Bank Balance Pledge-Al Rajhi	(34)	(39)
Cash and cash equivalents at end of period	11,942	6,565

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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, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 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

A director's resolution was approved on 18 August 2020 to acquire 100 Ordinary Shares fully paid-up in the capital of Storm 360 Sdn. Bhd. at a total cash consideration of RM100.00 (*Ringgit Malaysia: One Hundred*) during the financial period ended 30 September 2020. Storm 360 Sdn. Bhd. shall become a wholly owned subsidiary of the Company.

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 2020 amounted to RM56,000,000 (30 September 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 September 2020 amounted to RM49.2 million, which was RM4.2 million or 9.3% higher than RM45.0 million for the same quarter last year. The Group recorded a pre-tax profit of RM5.8 million as compared to a pre-tax profit of RM1.6 million for the same period of the preceding year. The higher revenue and pre-tax profit were due to better revenue optimisation with cost management undertaken during Movement Control Order (MCO) and lower finance cost following repayment of borrowings.

14. Comparison with preceding quarter's results

The Group recorded an increase in revenue of RM14.5 million for the current quarter ended 30 September 2020 to RM49.2 million as compared to RM34.7 million in the preceding quarter ended 30 June 2020. This is mainly due to the government uplifting of the imposed Movement Control Order (MCO) over the Covid-19 pandemic and the preceding quarter revenue was badly affected by closure of business during the MCO.

The Group recorded a pre-tax profit of RM5.8 million for the current quarter ended 30 September 2020 as compared to pre-tax profit of RM4.3 million recorded for the quarter ended 30 June 2020. This is a result of sustaining the 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/RMCO. 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 financial year as the market becomes more challenging after the loan moratorium ends and the imposition of CMCO.

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 30.9.2020 RM'000	3 months ended 30.9.2019 RM'000	Year-to-date ended 30.9.2020 RM'000	Year-to-date ended 30.9.2019 RM'000
Income tax	(448)	(270)	(510)	(801)
Over/(Under)provision - Prior year	-	-	-	-
Deferred tax	-	-	-	-
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	<u>(448)</u>	<u>(270)</u>	<u>(510)</u>	<u>(801)</u>

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 30.9.2020	
	RM'000	
Long term borrowing		
Secured		
Term loan	<u>30,000</u>	
Short term borrowings		
Secured		
Term loan	10,000	
Unsecured		
Bankers' acceptances	<table border="1"><tr><td style="text-align: right;">10,871</td></tr></table>	10,871
10,871		
Bank overdrafts	<table border="1"><tr><td style="text-align: right;">-</td></tr></table>	-
-		
	<table border="1"><tr><td style="text-align: right;">10,871</td></tr></table>	10,871
10,871		
	<u>50,871</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 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 ended 30.9.2020 RM'000	3 months ended 30.9.2019 RM'000	Year-to-date ended 30.9.2020 RM'000	Year-to-date ended 30.9.2019 RM'000
Profit for the period is arrived at after crediting:				
Interest income	78	73	169	132
Bad debts recovered	-	-	-	72
and after charging:				
Interest expense	659	1,029	1,390	2,049
Interest expense on lease liability	142	188	282	401
Amortisation and Depreciation	470	365	934	695
Depreciation for right of use asset	1,448	1,553	3,092	3,187
Inventories written-down	590	-	885	-
Inventories written-off	166	52	662	88
Inventories written-back	-	-	(263)	-
Bad Debts written-off	-	-	-	-
Reversal of impairment:-	-	217	-	217
- Receivable	-	(198)	-	(231)
Loss/(Gain) on short term investment	10	70	38	(1)
Gain on disposal of plant and equipment	-	68	1	68

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

By order of the Board
Mak Chooi Peng
Company Secretary
Petaling Jaya
20 November 2020