



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 31 December 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 31 December 2020

	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2019 RM'000	Audited 31.3.2020 RM'000
ASSETS			
Non-current assets			
Plant and equipment	11,630	11,557	12,242
Right of use assets	13,213	11,305	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>194,465</u>	<u>192,482</u>	<u>192,217</u>
Current assets			
Inventories	62,974	80,161	68,096
Trade receivables	22,218	21,737	18,058
Other receivables	5,168	5,468	5,467
Tax recoverable	232	6	177
Deposits in Money Market Fund	19,059	14,751	6,387
Cash and bank balances	1,560	1,148	737
	<u>111,211</u>	<u>123,271</u>	<u>98,922</u>
TOTAL ASSETS	<u>305,676</u>	<u>315,753</u>	<u>291,139</u>
EQUITY AND LIABILITIES			
Share capital	198,279	198,279	198,279
Reserves	13,161	732	(273)
Shareholders' Equity	<u>211,440</u>	<u>199,011</u>	<u>198,006</u>
Non-Current Liabilities			
Hire purchase payables	341	321	404
Lease liabilities	8,700	6,327	6,073
Deferred tax liabilities	-	-	-
Borrowing	30,000	-	30,000
	<u>39,041</u>	<u>6,648</u>	<u>36,477</u>
Current Liabilities			
Trade payables	16,519	28,839	17,407
Other payables	10,096	11,641	8,205
Amount owing to related party	-	-	1,500
Hire purchase payables	100	72	97
Lease liabilities	4,877	5,220	4,534
Short term borrowings	23,603	64,322	24,913
	<u>55,195</u>	<u>110,094</u>	<u>56,656</u>
TOTAL LIABILITIES	<u>94,236</u>	<u>116,742</u>	<u>93,133</u>
TOTAL EQUITY AND LIABILITIES	<u>305,676</u>	<u>315,753</u>	<u>291,139</u>
Net assets per share (RM)	<u>0.91</u>	<u>0.86</u>	<u>0.85</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 31 December 2020 (Unaudited)

	3 months ended 31.12.2020 RM'000	3 months ended 31.12.2019 RM'000	Year-to-date ended 31.12.2020 RM'000	Year-to-date ended 31.12.2019 RM'000
Revenue	42,185	50,985	126,112	149,774
Cost of sales	<u>(19,741)</u>	<u>(23,146)</u>	<u>(57,926)</u>	<u>(67,906)</u>
Gross profit	22,444	27,839	68,186	81,868
Other operating income	354	251	1,005	852
Selling and distribution expenses	(17,219)	(22,508)	(50,776)	(66,349)
Administrative and other operation expenses	(543)	(539)	(1,620)	(2,168)
Finance costs	(1,093)	(1,296)	(2,765)	(3,746)
Profit before taxation	<u>3,943</u>	<u>3,747</u>	<u>14,030</u>	<u>10,457</u>
Taxation	(86)	(138)	(596)	(939)
Profit after taxation	<u><u>3,857</u></u>	<u><u>3,609</u></u>	<u><u>13,434</u></u>	<u><u>9,518</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2020 (Unaudited) (cont'd)

	3 months ended 31.12.2020	3 months ended 31.12.2019	Year-to-date ended 31.12.2020	Year-to-date ended 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	3,857	3,609	13,434	9,518
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income	<u>3,857</u>	<u>3,609</u>	<u>13,434</u>	<u>9,518</u>
Total comprehensive income attributable to:				
Equity holders	<u>3,857</u>	<u>3,609</u>	<u>13,434</u>	<u>9,518</u>
	Sen	Sen	Sen	Sen
Earnings per share	<u>1.66</u>	<u>1.55</u>	<u>5.77</u>	<u>4.09</u>

Asia Brands Berhad (197501000740(22414-V))
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Condensed Statements of Changes in Equity
For the period ended 31 December 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	-	9,518	9,518
Transaction with owners - Dividend	-	-	-
At as 31.12.2019	<u>198,279</u>	<u>732</u>	<u>199,011</u>
At 1.4.2020	198,279	(273)	198,006
Profit after taxation/ Total comprehensive income	-	13,434	13,434
Transaction with owners - Dividend	-	-	-
At as 31.12.2020	<u>198,279</u>	<u>13,161</u>	<u>211,440</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 December 2020 (Unaudited)**

	9 months ended 31.12.2020 RM'000	9 months ended 31.12.2019 RM'000
Cash flow from operating activities		
Profit before tax	14,030	10,457
Adjustments for:		
Interest income	(236)	(204)
Interest expenses	2,765	3,746
Non-cash items	7,516	5,668
Operating profit before working capital changes	24,075	19,667
Net change in current assets	(3)	(19,429)
Net change in current liabilities	435	21,285
Cash generated from operations	24,507	21,623
Interest paid	(2,765)	(3,746)
Tax paid	(85)	1,845
Net cash generated from operating activities	21,657	19,722
Cash flow from investing activities		
Purchase of plant and equipment	(800)	(4,006)
Right of use assets	(7,662)	(16,112)
Proceeds from disposal of plant and equipment	1	72
Interest income	200	196
Net cash used in investing activities	(8,261)	(19,850)
Cash flow from financing activities		
Net (decrease)/increase in bank borrowings and hire obligations	(2,619)	1,266
(Decrease)/Increase in Lease Liabilities	2,970	11,547
Net cash generated from financing activities	351	12,813
Net increase in cash and cash equivalents	13,747	12,685
Cash and cash equivalents at beginning of period	6,838	3,175
Cash and cash equivalents at end of period	20,585	15,861
	9 months ended 31.12.2020 RM'000	9 months ended 31.12.2019 RM'000
<u>Cash and cash equivalents at end of period</u>		
Deposits in Money Market Fund	19,059	14,751
Cash and bank balance	1,560	1,148
Less: Bank Balance Pledge-Al Rajhi	(34)	(39)
Cash and cash equivalents at end of period	20,585	15,861

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 December 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

The Board had on 21 December 2020 approved the disposal of 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 31 December 2020. The disposal was completed on 11 January 2021, thereafter ceased to be 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 31 December 2020 amounted to RM56,000,000 (30 December 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 31 December 2020 amounted to RM42.2 million, which was RM8.8 million or 17.3% lower than RM51.0 million for the same quarter last year. The Group recorded a pre-tax profit of RM3.9 million as compared to a pre-tax profit of RM3.7 million for the same period of the preceding year. The lower revenue and higher pre-tax profit were due to revenue rationalisation 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 a decrease in revenue of RM7.0 million for the current quarter ended 31 December 2020 to RM42.2 million as compared to RM49.2 million in the preceding quarter ended 30 September 2020. This is mainly due to slower than expected economic recovery and weaker consumer sentiment since the resumption of operations after the Covid-19 pandemic Movement Control Order (MCO).

The Group recorded a pre-tax profit of RM3.9 million for the current quarter ended 31 December 2020 as compared to pre-tax profit of RM5.8 million recorded for the quarter ended 30 September 2020. This was a result of a lower turnover mitigated by 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 safe, as well as ensuring continue 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 re-imposition of MCO.

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 31.12.2020 RM'000	3 months ended 31.12.2019 RM'000	Year-to-date ended 31.12.2020 RM'000	Year-to-date ended 31.12.2019 RM'000
Income tax	(136)	(120)	(646)	(921)
Over/(Under)provision - Prior year	50	(18)	50	(18)
Deferred tax	-	-	-	-
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	<u>(86)</u>	<u>(138)</u>	<u>(596)</u>	<u>(939)</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 31.12.2020
	RM'000
Long term borrowing	
Secured	
Term loan	<u>30,000</u>
Short term borrowings	
Secured	
Term loan	10,000
Unsecured	
Bankers' acceptances	13,603
Bank overdrafts	-
	<u>13,603</u>
	<u>53,603</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 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 31.12.2020 RM'000	3 months ended 31.12.2019 RM'000	Year-to-date ended 31.12.2020 RM'000	Year-to-date ended 31.12.2019 RM'000
Profit for the period is arrived at after crediting:				
Interest income	67	72	236	204
Bad debts recovered	-	-	-	72
and after charging:				
Interest expense	856	1,116	2,246	3,165
Interest expense on lease liability	237	180	519	581
Amortisation and Depreciation	479	417	1,413	1,111
Depreciation for right of use asset	1,713	1,529	4,805	4,716
Inventories written-down	3	-	888	-
Inventories written-off	31	17	693	105
Inventories written-back	-	-	(263)	-
Bad Debts written-off	-	-	-	217
Reversal of impairment:-				
- Receivable	-	-	-	(231)
(Gain)/Loss on short term investment	(3)	9	35	8
Gain on disposal of plant and equipment	-	-	(1)	(68)

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 31 December 2020 (31 December 2019: N/A)

By order of the Board
Mak Chooi Peng
Company Secretary
Petaling Jaya
8 February 2021