



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 March 2021.

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 31 March 2021**

	Unaudited 31.3.2021 RM'000	Audited 31.3.2020 RM'000
ASSETS		
Non-current assets		
Plant and equipment	11,636	12,242
Right of use assets	12,228	10,355
Intangible assets	131,000	131,000
Goodwill on consolidation	26,705	26,705
Deferred tax assets	9,358	11,915
	<u>190,927</u>	<u>192,217</u>
Current assets		
Inventories	58,729	68,096
Trade receivables	24,242	18,058
Other receivables	4,781	5,467
Tax recoverable	235	177
Deposits in Money Market	11,911	6,387
Cash and bank balances	2,241	737
	<u>102,139</u>	<u>98,922</u>
TOTAL ASSETS	<u>293,066</u>	<u>291,139</u>
EQUITY AND LIABILITIES		
Share capital	198,279	198,279
Reserves	14,875	(273)
Minority Interest	-	-
	<u>213,154</u>	<u>198,006</u>
Shareholders' Equity		
Non-Current Liabilities		
Hire purchase payables	315	404
Lease liabilities	7,935	6,073
Deferred tax liabilities	-	-
Borrowing	20,000	30,000
	<u>28,250</u>	<u>36,477</u>
Current Liabilities		
Trade payables	11,970	17,407
Other payables	9,340	8,205
Amount owing to related party	2,720	1,500
Hire purchase payables	101	97
Lease liabilities	4,688	4,534
Short term borrowings	22,843	24,913
	<u>51,662</u>	<u>56,656</u>
TOTAL LIABILITIES	<u>79,912</u>	<u>93,133</u>
TOTAL EQUITY AND LIABILITIES	<u>293,066</u>	<u>291,139</u>
Net assets per share (RM)	<u>0.92</u>	<u>0.85</u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2021 (Unaudited)

	3 months ended 31.3.2021 RM'000	3 months ended 31.3.2020 RM'000	Year-to-date ended 31.3.2021 RM'000	Year-to-date ended 31.3.2020 RM'000
Revenue	44,105	37,841	170,217	187,614
Cost of sales	<u>(19,941)</u>	<u>(16,977)</u>	<u>(77,867)</u>	<u>(84,883)</u>
Gross profit	24,164	20,864	92,350	102,731
Other operating income	360	117	1,365	969
Selling and distribution expenses	(18,914)	(20,026)	(69,690)	(86,374)
Administrative and other operation expenses	(530)	(999)	(2,150)	(3,167)
Finance costs	<u>(694)</u>	<u>(972)</u>	<u>(3,459)</u>	<u>(4,718)</u>
Profit before taxation	4,386	(1,016)	18,416	9,441
Taxation	<u>(2,672)</u>	<u>11</u>	<u>(3,268)</u>	<u>(928)</u>
Profit after taxation	<u><u>1,714</u></u>	<u><u>(1,005)</u></u>	<u><u>15,148</u></u>	<u><u>8,513</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2021 (Unaudited) (cont'd)

	3 months ended 31.12.2020	3 months ended 31.3.2020	Year-to-date ended 31.3.2021	Year-to-date ended 31.3.2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,714	(1,005)	15,148	8,513
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income	<u>1,714</u>	<u>(1,005)</u>	<u>15,148</u>	<u>8,513</u>
Total comprehensive income attributable to:				
Equity holders	<u>1,714</u>	<u>(1,005)</u>	<u>15,148</u>	<u>8,513</u>
	Sen	Sen	Sen	Sen
Earnings per share	<u>0.74</u>	<u>(0.43)</u>	<u>6.51</u>	<u>3.66</u>

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**Condensed Statements of Changes in Equity
For the period ended 31 March 2021 (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	-	8,513	8,513
Transaction with owners - Dividend	-	-	-
At as 31.3.2020	<u>198,279</u>	<u>(273)</u>	<u>198,006</u>
At 1.4.2020	198,279	(273)	198,006
Profit after taxation/ Total comprehensive income	-	15,148	15,148
Transaction with owners - Dividend	-	-	-
At as 31.3.2021	<u>198,279</u>	<u>14,875</u>	<u>213,154</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 31 March 2021 (Unaudited)**

	12 months ended 31.3.2021 RM'000	12 months ended 31.3.2020 RM'000
Cash flow from operating activities		
Profit before tax	18,416	9,442
Adjustments for:		
Interest income	(307)	(337)
Interest expenses	3,459	4,718
Non-cash items	11,202	8,577
Operating profit before working capital changes	32,770	22,400
Net change in current assets	876	(4,382)
Net change in current liabilities	(4,698)	6,732
Cash generated from operations	28,948	24,750
Interest paid	(3,459)	(4,719)
Tax paid	(375)	1,469
Net cash generated from operating activities	25,114	21,500
Cash flow from investing activities		
Purchase of plant and equipment	(1,297)	(5,142)
Right of use assets	(8,141)	(16,899)
Proceeds from disposal of plant and equipment	1	72
Interest income	267	307
Net cash used in investing activities	(9,170)	(21,662)
Cash flow from financing activities		
Advances from related party	1,220	1,500
Repayment of Sukuk IMTN	(10,000)	(10,000)
Net (decrease)/increase in bank borrowings and hire obligations	(1,898)	1,718
(Decrease)/Increase in Lease Liabilities	2,016	10,607
Net cash (used in)/generated from financing activities	(8,662)	3,825
Net increase in cash and cash equivalents	7,282	3,663
Cash and cash equivalents at beginning of period	6,838	3,175
Cash and cash equivalents at end of period	14,120	6,838
	12 months ended 31.3.2021 RM'000	12 months ended 31.3.2020 RM'000
<u>Cash and cash equivalents at end of period</u>		
Deposits in Money Market Fund	11,911	6,387
Cash and bank balance	2,241	737
Less: Bank Balance Pledge-Al Rajhi	(32)	(286)
Cash and cash equivalents at end of period	14,120	6,838

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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 2021.

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 3 March 2021 to acquire 51 Ordinary Shares fully paid-up in the capital of Generasi Global Gemilang Sdn. Bhd. at a total cash consideration of RM51.00 (Ringgit Malaysia: Fifty One) during the financial period ended 31 March 2021. Generasi Global Gemilang Sdn. Bhd. shall become a 51% 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 March 2021 amounted to RM46,000,000 (31 March 2020 : RM56,000,000).

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 2021 amounted to RM44.1 million, which was RM6.3 million or 16.7% higher than RM37.8 million for the same quarter last year. The Group recorded a pre-tax profit of RM4.4 million as compared to a pre-tax loss of RM1.0 million for the same period of the preceding year. The higher revenue and 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 an increase in revenue of RM1.9 million for the current quarter ended 31 March 2021 to RM44.1 million as compared to RM42.2 million in the preceding quarter ended 31 December 2020. This is mainly due to a slight economic recovery and stronger consumer sentiment since the resumption of operations after the Covid-19 pandemic Movement Control Order (MCO).

The Group recorded a pre-tax profit of RM4.4 million for the current quarter ended 31 March 2021 as compared to pre-tax profit of RM3.9 million recorded for the quarter ended 31 December 2020. This was a result of a higher turnover coupled with 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 had remained resilient despite the impact of MCO/RMCO. Moving forward we will remain cautiously optimistic of a recovery in the coming financial year as the market becomes more challenging after 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 31.3.2021 RM'000	3 months ended 31.3.2020 RM'000	Year-to-date ended 31.3.2021 RM'000	Year-to-date ended 31.3.2020 RM'000
Income tax	(115)	(7)	(761)	(928)
Over/(Under)provision - Prior year	-	18	50	-
Deferred tax	(2,557)	-	(2,557)	-
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	<u>(2,672)</u>	<u>11</u>	<u>(3,268)</u>	<u>(928)</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 31.3.2021
	RM'000
Long term borrowing	
Secured	
Term loan	<u>20,000</u>
Short term borrowings	
Secured	
Term loan	10,000
Unsecured	
Bankers' acceptances	12,843
Bank overdrafts	-
	<u>12,843</u>
	<u>42,843</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 31.3.2021 RM'000	3 months ended 31.3.2020 RM'000	Year-to-date ended 31.3.2021 RM'000	Year-to-date ended 31.3.2020 RM'000
Profit for the period is arrived at after crediting:				
Interest income	71	133	307	337
Bad debts recovered	-	-	-	72
and after charging:				
Interest expense	528	901	2,774	4,066
Interest expense on lease liability	165	71	684	652
Amortisation and Depreciation	490	452	1,903	1,563
Depreciation for right of use asset	1,464	1,828	6,269	6,544
Inventories written-down /off	1,490	29	3,071	134
Impairment/(Reversal) of inventories	236	463	(27)	463
Bad Debts written-off	-	-	-	217
Reversal of impairment:-				
- Receivable	(52)	(4)	(52)	(235)
Loss on short term investment	5	23	40	31
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 March 2021 (31 March 2020: N/A)

By order of the Board
Mak Chooi Peng
Company Secretary
Petaling Jaya
21 May 2021