



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 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 2021.

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 September 2021

	Unaudited 30.9.2021 RM'000	Unaudited 30.9.2020 RM'000	Audited 31.3.2021 RM'000
ASSETS			
Non-current assets			
Plant and equipment	11,042	11,703	11,636
Right of use assets	11,186	9,732	12,228
Intangible assets	131,000	131,000	131,000
Goodwill on consolidation	26,705	26,707	26,705
Deferred tax assets	8,734	11,915	10,428
	<u>188,667</u>	<u>191,057</u>	<u>191,997</u>
Current assets			
Inventories	60,300	61,665	58,729
Trade receivables	20,204	22,229	24,242
Other receivables	4,629	5,553	4,781
Tax recoverable	315	180	12
Deposits in Money Market	18,497	10,262	11,911
Cash and bank balances	1,267	1,714	2,241
	<u>105,212</u>	<u>101,603</u>	<u>101,916</u>
TOTAL ASSETS	<u>293,879</u>	<u>292,660</u>	<u>293,913</u>
EQUITY AND LIABILITIES			
Share capital	198,279	198,279	198,279
Reserves	18,883	9,304	15,945
Minority Interest	-	-	-
	<u>217,162</u>	<u>207,583</u>	<u>214,224</u>
Shareholders' Equity			
Non-Current Liabilities			
Hire purchase payables	263	366	315
Lease liabilities	6,714	6,112	7,935
Deferred tax liabilities	-	-	-
Borrowing	20,000	30,000	20,000
	<u>26,977</u>	<u>36,478</u>	<u>28,250</u>
Current Liabilities			
Trade payables	10,877	14,713	11,970
Other payables	9,674	9,001	9,117
Amount owing to related party	-	-	2,720
Hire purchase payables	103	99	101
Lease liabilities	4,918	3,915	4,688
Short term borrowings	24,168	20,871	22,843
	<u>49,740</u>	<u>48,599</u>	<u>51,439</u>
TOTAL LIABILITIES	<u>76,717</u>	<u>85,077</u>	<u>79,689</u>
TOTAL EQUITY AND LIABILITIES	<u>293,879</u>	<u>292,660</u>	<u>293,913</u>
Net assets per share (RM)	<u>0.93</u>	<u>0.89</u>	<u>0.92</u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2021 (Unaudited)

	3 months ended 30.9.2021 RM'000	3 months ended 30.9.2020 RM'000	Year-to-date ended 30.9.2021 RM'000	Year-to-date ended 30.9.2020 RM'000
Revenue	30,715	49,233	70,135	83,927
Cost of sales	<u>(14,098)</u>	<u>(23,181)</u>	<u>(31,910)</u>	<u>(38,185)</u>
Gross profit	16,617	26,052	38,225	45,742
Other operating income	464	266	648	651
Selling and distribution expenses	(13,043)	(19,117)	(28,915)	(33,557)
Administrative and other operation expenses	(717)	(604)	(1,519)	(1,077)
Finance costs	(697)	(801)	(1,430)	(1,672)
Profit before taxation	<u>2,624</u>	<u>5,796</u>	<u>7,009</u>	<u>10,087</u>
Taxation	(595)	(448)	(1,745)	(510)
Profit after taxation	<u><u>2,029</u></u>	<u><u>5,348</u></u>	<u><u>5,264</u></u>	<u><u>9,577</u></u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2021 (Unaudited) (cont'd)

	3 months ended 30.9.2021	3 months ended 30.9.2020	Year-to-date ended 30.9.2021	Year-to-date ended 30.9.2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,029	5,348	5,264	9,577
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income	<u>2,029</u>	<u>5,348</u>	<u>5,264</u>	<u>9,577</u>
Total comprehensive income attributable to:				
Equity holders	<u>2,029</u>	<u>5,348</u>	<u>5,264</u>	<u>9,577</u>
	Sen	Sen	Sen	Sen
Earnings per share	<u>0.87</u>	<u>2.30</u>	<u>2.26</u>	<u>4.12</u>

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Condensed Statements of Changes in Equity
For the period ended 30 September 2021 (Unaudited)

	Non- distributable	Distributable	
	Share Capital RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
At 1.4.2020	198,279	(273)	198,006
Profit after taxation/ Total comprehensive expenses	-	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>
At 1.4.2021	198,279	15,945	214,224
Profit after taxation/ Total comprehensive income	-	5,264	5,264
Transaction with owners - Dividend	-	(2,326)	(2,326)
At as 30.9.2021	<u>198,279</u>	<u>18,883</u>	<u>217,162</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 September 2021 (Unaudited)**

	6 months ended 30.9.2021 RM'000	6 months ended 30.9.2020 RM'000
Cash flow from operating activities		
Profit before tax	7,009	10,087
Adjustments for:		
Interest income	(126)	(169)
Interest expenses	1,430	1,672
Non-cash items	5,007	5,306
Operating profit before working capital changes	13,320	16,896
Net change in current assets	1,609	891
Net change in current liabilities	(778)	(2,392)
Cash generated from operations	14,151	15,395
Interest paid	(1,430)	(1,672)
Tax paid	(111)	(20)
Net cash generated from operating activities	12,610	13,703
Cash flow from investing activities		
Purchase of plant and equipment	(482)	(395)
Proceeds from disposal of plant and equipment	-	1
Interest income	126	169
Net cash used in investing activities	(356)	(225)
Cash flow from financing activities		
Net decrease in bank borrowings and hire purchase obligations	(1,444)	(5,327)
Payment of Lease Liabilities	(2,871)	(3,048)
Dividends paid	(2,326)	-
Net cash used in financing activities	(6,641)	(8,375)
Net increase in cash and cash equivalents	5,613	5,103
Cash and cash equivalents at beginning of period	14,151	6,870
Cash and cash equivalents at end of period	19,764	11,973
	6 months ended 30.9.2021 RM'000	6 months ended 30.9.2020 RM'000
<u>Cash and cash equivalents at end of period</u>		
Deposits in Money Market Fund	18,497	10,262
Cash and bank balance	1,267	1,714
Less: Bank Balance Pledge-Al Rajhi	(0)	(3)
Cash and cash equivalents at end of period	19,764	11,973

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 2021.

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 2021 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 Amendments to MFRS 16	Interest Rate Benchmark Reform – Phase 2 Covid-19 Related Rent Concessions beyond 30 June 3021
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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 2021 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)

For the current reporting quarter, a final dividend of RM 0.01 per share for every share issued for the financial year ended 31 March 2021 was paid on 30 July 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

Subsequent to the interim result, the impact of the Covid 19 & various MCO measures imposed by the government to control the pandemic has resulted in losses in revenue & profit which are difficult to assess at this juncture.

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 September 2021.

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 2021 amounted to RM46,000,000 (30 September 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 30 September 2021 amounted to RM30.7 million, which was RM18.5 million or 37.6% lower than RM49.2 million for the same quarter last year. The Group recorded a pre-tax profit of RM2.6 million as compared to a pre-tax profit of RM5.8 million for the same period of the preceding year. The lower revenue and pre-tax profit were due to the second series of 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 RM8.7 million for the current quarter ended 30 September 2021 to RM30.7 million as compared to RM39.4 million in the preceding quarter ended 30 June 2021. This is mainly due to the recent series of government imposed Movement Control Order (MCO) during the Covid-19 pandemic.

Consequently, the Group recorded a pre-tax profit of RM2.6 million for the current quarter ended 30 September 2021 as compared to RM4.4 million pre-tax profit recorded for the quarter ended 30 June 2021.

15. Current year prospects

In response to the evolving COVID-19 pandemic, the Group 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.

The various iteration of the MCO have resulted a loss in revenue and profit for the Group. We remain cautiously optimistic that with the current national vaccination program, a recovery may be likely in the second half of the financial year.

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 30.9.2021 RM'000	3 months ended 30.9.2020 RM'000	Year-to-date ended 30.9.2021 RM'000	Year-to-date ended 30.9.2020 RM'000
Income tax	72	(448)	(51)	(510)
Over/(Under)provision - Prior year	-	-	-	-
Deferred tax	(667)	-	(1,694)	-
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	----- (595) =====	----- (448) =====	----- (1,745) =====	----- (510) =====

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 30.9.2021
	RM'000
Long term borrowing	
Secured	
Islamic Medium Term Note	<u>20,000</u>
Short term borrowings	
Secured	
Islamic Medium Term Note	10,000
Unsecured	
Bankers' acceptances	14,168
Bank overdrafts	-
	<u>24,168</u>
	<u>44,168</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 30.9.2021 RM'000	3 months ended 30.9.2020 RM'000	Year-to-date ended 30.9.2021 RM'000	Year-to-date ended 30.9.2020 RM'000
Profit for the period is arrived at after crediting:				
Interest income	68	78	126	169
Bad debts recovered	-	-	-	-
and after charging:				
Interest expense	543	659	1,103	1,390
Interest expense on lease liability	154	142	327	282
Amortisation and Depreciation	500	470	1,000	934
Depreciation for right of use asset	1,438	1,448	2,921	3,092
Inventories written-down /off	985	756	1,009	1,547
Reversal of inventories	-	-	-	(263)
Bad Debts written-off	-	-	-	-
Reversal of impairment:-	-	-	-	-
- Receivable	-	-	-	-
Loss/(Gain) on short term investment	(5)	10	(4)	38
Gain on disposal of plant and equipment	-	-	-	1

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 30 September 2021 (30 September 2020: N/A)

By order of the Board
Mak Chooi Peng
Company Secretary
Petaling Jaya
16 November 2021