



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 2023.

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 2023.

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 2023

	Unaudited 30.6.2023 RM'000	Unaudited 30.6.2022 RM'000	Audited 31.3.2023 RM'000
ASSETS			
Non-current assets			
Plant and equipment	12,916	10,708	10,961
Right of use assets	15,603	13,466	15,524
Intangible assets	131,000	131,000	131,000
Goodwill on consolidation	26,705	26,705	26,705
Deferred tax assets	3,533	5,070	4,227
	<u>189,757</u>	<u>186,949</u>	<u>188,417</u>
Current assets			
Inventories	77,343	54,166	74,513
Trade receivables	29,350	30,095	26,725
Other receivables	5,906	5,096	4,703
Tax recoverable	234	233	12
Deposits in Money Market	3,187	26,178	-
Cash and bank balances	7,672	1,989	13,887
	<u>123,692</u>	<u>117,757</u>	<u>119,840</u>
TOTAL ASSETS	<u>313,449</u>	<u>304,706</u>	<u>308,257</u>
EQUITY AND LIABILITIES			
Share capital	198,279	198,279	198,279
Reserves	37,983	33,623	36,668
Minority Interest	61	32	52
	<u>236,323</u>	<u>231,934</u>	<u>234,999</u>
Shareholders' Equity			
Non-Current Liabilities			
Hire purchase payables	112	254	148
Lease liabilities	10,785	9,091	10,396
Deferred tax liabilities	69	30	69
Term Loan	7,500	10,000	8,750
	<u>18,466</u>	<u>19,375</u>	<u>19,363</u>
Current Liabilities			
Trade payables	20,258	16,583	22,626
Other payables	11,512	10,473	7,829
Amount owing to related party	-	-	2,516
Hire purchase payables	142	137	141
Lease liabilities	5,351	4,858	5,338
Term Loan	2,500	-	1,250
Short term borrowings	18,897	21,346	14,195
	<u>58,660</u>	<u>53,397</u>	<u>53,895</u>
TOTAL LIABILITIES	<u>77,126</u>	<u>72,772</u>	<u>73,258</u>
TOTAL EQUITY AND LIABILITIES	<u>313,449</u>	<u>304,706</u>	<u>308,257</u>
Net assets per share (RM)	<u>1.02</u>	<u>1.00</u>	<u>1.01</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 2023 (Unaudited)

	3 months ended 30.6.2023 RM'000	<u>Restated</u> 3 months ended 30.6.2022 RM'000	Year-to-date ended 30.6.2023 RM'000	<u>Restated</u> Year-to-date ended 30.6.2022 RM'000
Revenue	50,845	53,692	50,845	53,692
Cost of sales	<u>(20,904)</u>	<u>(20,961)</u>	<u>(20,904)</u>	<u>(20,961)</u>
Gross profit	29,941	32,731	29,941	32,731
Other operating income	269	227	269	227
Selling and distribution expenses	(23,988)	(22,207)	(23,988)	(22,207)
Administrative and other operation expenses	(1,015)	(1,153)	(1,015)	(1,153)
Finance costs	<u>(584)</u>	<u>(624)</u>	<u>(584)</u>	<u>(624)</u>
Profit before taxation	4,623	8,974	4,623	8,974
Taxation	<u>(973)</u>	<u>(2,234)</u>	<u>(973)</u>	<u>(2,234)</u>
Profit after taxation	3,650	6,740	3,650	6,740
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	-	-	-
Total comprehensive income	<u><u>3,650</u></u>	<u><u>6,740</u></u>	<u><u>3,650</u></u>	<u><u>6,740</u></u>
Total comprehensive income attributable to:				
Equity holders	3,641	6,727	3,641	6,727
Non-controlling Interest	<u>9</u>	<u>13</u>	<u>9</u>	<u>13</u>
	Sen	Sen	Sen	Sen
Earnings per share	<u>1.57</u>	<u>2.90</u>	<u>1.57</u>	<u>2.90</u>

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2023 (Unaudited) (cont'd)

Overstatement of Revenue and Cost of Sales

The financial statements for prior period have been retrospectively restated to adjust for the overstatement of revenue and cost of sales due to commission income from third party concessionaire sales which was accounted for as revenue and purchases. The effects of the adjustments are disclosed below:

**For year to date ended 30 June 2022
Statement of profit or loss and other comprehensive income**

	As previously stated RM	Prior year adjustments RM	Reclassification RM	Restated RM
Revenue	56,993	(6,191)	-	50,802
Cost of Sales	(24,262)	3,301	-	(20,961)
Commission income	-	-	2,890	2,890

**For 3 months ended 30 June 2022
Statement of profit or loss and other comprehensive income**

	As previously stated RM	Prior year adjustments RM	Reclassification RM	Restated RM
Revenue	56,993	(6,191)	-	50,802
Cost of Sales	(24,262)	3,301	-	(20,961)
Commission income	-	-	2,890	2,890

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**Condensed Statements of Changes in Equity
for the period ended 30 June 2023 (Unaudited)**

	Non- distributable	Distributable		Total RM'000
	Share Capital RM'000	Retained Profits RM'000	Non- Controlling Interest RM'000	
At 1.4.2023	198,279	36,668	52	234,999
Profit after taxation/ Total comprehensive expenses	-	3,641	9	3,650
Transaction with owners - Dividend	-	(2,326)	-	(2,326)
At as 30.6.2023	<u>198,279</u>	<u>37,983</u>	<u>61</u>	<u>236,323</u>
At 1.4.2022	198,279	29,222	19	227,520
Profit after taxation/ Total comprehensive income	-	6,727	13	6,740
Transaction with owners - Dividend	-	(2,326)	-	(2,326)
At as 30.6.2022	<u>198,279</u>	<u>33,623</u>	<u>32</u>	<u>231,934</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 June 2023 (Unaudited)**

	3 months ended 30.6.2023 RM'000	3 months ended 30.6.2022 RM'000
Cash flow from operating activities		
Profit before tax	4,624	8,975
Adjustments for:		
Interest income	(18)	(8)
Interest expenses	584	623
Non-cash items	2,639	2,339
Operating profit before working capital changes	7,829	11,929
Net change in current assets	(7,046)	(6,347)
Net change in current liabilities	1,048	2,938
Cash generated from operations	1,831	8,520
Interest paid	(584)	(623)
Tax paid	(234)	(11)
Net cash generated from operating activities	1,013	7,886
Cash flow from investing activities		
Purchase of plant and equipment	(2,278)	(449)
Interest Income	18	8
Net cash used in investing activities	(2,260)	(441)
Cash flow from financing activities		
Net increase in bank borrowings and hire purchase obligations	4,667	8,076
Repayment to related parties	(2,516)	-
Payment of Lease Liabilities	(1,606)	(1,380)
Dividends Paid	(2,326)	(2,326)
Net cash (used in)/generated from financing activities	(1,781)	4,370
Net (decrease)/ increase in cash and cash equivalents	(3,028)	11,815
Cash and cash equivalents at beginning of period	12,512	16,352
Cash and cash equivalents at end of period	9,484	28,167
	3 months ended 30.6.2023 RM'000	3 months ended 30.6.2022 RM'000
Cash and cash equivalents at end of period		
Cash and bank balance	7,672	1,989
Deposit in Money Market Fund	3,187	26,178
Less: Bank Balance Pledge-FSRA	(1,375)	-
Cash and cash equivalents at end of period	9,484	28,167

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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 2023.

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 2023 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.

MFRS 17	Insurance Contracts
Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	Disclosure of Accounting Policies
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	Definition of Accounting Estimates
Amendments to MFRS 112 <i>Income Taxes</i>	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendment to MFRS 17 <i>Insurance Contracts</i>	Initial Application of MFRS 17 and MFRS 9—Comparative Information
Amendments to MFRS 112 <i>Income Taxes</i>	International Tax Reform—Pillar Two Model Rules

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 2023 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 for every share issued for the financial year ending 31 March 2023 was paid on 15 June 2023.

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 28 April 2023 to incorporate a new subsidiary company, P.T. Anakku Jaya Indonesia, where Anakku Sdn Bhd subscribe to 99% and Baby Palace Sdn Bhd subscribe to 1% of the total paid up capital of IDR10,000,000,000 (RM3,000,000) comprising of 10,000 shares.

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 2023 amounted to RM41,000,000 (30 June 2022 : RM36,000,000).

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 for period ended 30 June 2023 amounted to RM50.8 million, which was RM2.9 million or 5.3% lower than RM53.7 million for the same quarter last year. Consequently, the Group recorded a pre-tax profit of RM4.6 million as compared to a pre-tax profit of RM9.0 million for the same period of the preceding year. This is due to a weaker festive sales performance compare to the same period last year coupled with higher logistic costs and increase of minimum wages.

14. Comparison with preceding quarter's results

The Group experienced an increase in revenue of RM7.4 million for the current quarter ended 30 June 2023 to RM50.8 million as compared to RM43.4 million in the preceding quarter ended 31 March 2023. The current quarter was aided by festival sales.

Consequently, the Group recorded a higher pre-tax profit of RM4.6 million for the current quarter ended 30 June 2023 as compared to the pre-tax profit of RM1.7 million recorded for the quarter ended 30 March 2023.

15. Current year prospects

Coming off a strong performance in 2022, we are cautiously optimistic that the growth in 2023 is expected to be moderate amid cost pressures such as product costs, logistic costs and the increase in minimum wage.

With agility and resilience, the Group can maintain its competitive advantage and remained the preferred brands for quality and pricing.

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 30.6.2023 RM'000	3 months ended 30.6.2022 RM'000	Year-to-date ended 30.6.2023 RM'000	Year-to-date ended 30.6.2022 RM'000
Income tax	(279)	(957)	(279)	(957)
Over/(Under)provision - Prior year	-	-	-	-
Deferred tax	(694)	(1,277)	(694)	(1,277)
Effect on opening deferred tax resulting from a reduction in income tax rate	-	-	-	-
	----- (973) =====	----- (2,234) =====	----- (973) =====	----- (2,234) =====

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 30.6.2023 RM'000
Long term borrowing	
Unsecured	
Murabahah Term Financing-i	<u>7,500</u>
Short term borrowings	
Unsecured	
Bankers' acceptances	18,897
Bank overdrafts	-
Murabahah Term Financing-i	2,500
	<u>21,397</u>
	<u><u>28,897</u></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 (2022 : 232,647,600) during the period.

25. Profit for the Period/Year

	3 months ended 30.6.2023 RM'000	3 months ended 30.6.2022 RM'000	Year-to-date ended 30.6.2023 RM'000	Year-to-date ended 30.6.2022 RM'000
Profit for the period is arrived at after crediting:				
Interest income	18	8	18	8
and after charging:				
Interest expense	391	449	391	449
Interest expense on lease liability	193	174	193	174
Amortisation and Depreciation	636	543	636	543
Depreciation for right of use asset	1,627	1,403	1,627	1,403
Inventories written-down /off	131	396	131	396
Impairment of inventories	255	-	255	-
Gain on short term investment	(86)	(111)	(86)	(111)

There were no gain nor loss on derivatives or exceptional items for current quarter and financial period to-date 30 June 2023 (30 June 2022: N/A)

By order of the Board
Mak Chooi Peng
Company Secretary
Petaling Jaya
25 August 2023