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Asia Brands Q1 net profit rockets 3,919%

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PETALING JAYA (Aug 16, 2013): Asia Brands Bhd reported a 40-fold leap in net profit to RM11.33 million for the first quarter ended June 30, 2013 (Q1) from RM282,000 a year ago, due to the consolidation of financial results of its newly-acquired subsidiaries within the group that were acquired from Asia Brands Corp Bhd in December last year as well as a one-off gain from disposal of properties.

Revenue jumped 230% to RM69.99 million from RM21.19 million.

"Since the merger of the assets last year, we have been focused and working hard in delivering our goals and vision for Asia Brands and our financial results showed that we are working in the right direction so far," said its group CEO Cheah Yong Hock in a statement yesterday.

On its current year prospects, the group said with the new businesses, it expects to benefit from the increased and larger market share in the apparel trading and retailing businesses, increase its customer and supplier base, enhance its product range to cater for diversified customer base and sustain competitive advantages in the apparel trading and retailing businesses.

"The brand diversity and strong market positioning allows us to further expand into reaching customers via new counters, new retail outlets and new concept stores to attract new customers while providing fresh products offerings," it said in a filing with Bursa Malaysia yesterday.

On June 19, 2013, Asia Brands completed a private placement exercise, which raised RM23.73 million.

The proceeds will be mainly used to pare down bank borrowings incurred for the acquisition exercise last year. The group has since trimmed down its net gearing of 1.0 times to 0.7 times.

"The private placement was one of our structured exercises to increase our equity base and simultaneously allowing us to trim down our borrowings and reduce our net gearing. We are targeting to further reduce our net gearing before the end of our financial year," Cheah said.

Subject to the approval of shareholders at the forthcoming AGM, Asia Brands has recommended a payment of 5% final dividend for the financial year ended March 31, 2013.

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