

AHB HOLDINGS BERHAD

(274909-A)

INTERIM FINANCIAL STATEMENTS

for the quarter ended 30 September 2009



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AHB Holdings Berhad 274909-A
And Its Subsidiary Companies

Quarterly report on consolidated results for the financial quarter ended 30 September 2009

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the quarter ended September 30, 2009

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
		3 months ended	3 months ended	3 months ended	3 months ended
		30/9/2009	30/09/2008	30/9/2009	30/09/2008
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		RM	RM	RM	RM
1 (a)	Revenue	6,327,493	9,333,238	6,327,493	9,333,238
(b)	Other income	4,127	-	4,127	-
2 (a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests	747,558	653,544	747,558	653,544
(b)	Finance cost	(604,074)	(404,426)	(604,074)	(404,426)
(c)	Depreciation and amortisation	(47,950)	(66,646)	(47,950)	(66,646)
3	Profit Before Taxation	95,534	182,472	95,534	182,472
4	Income tax	-	-	-	-
5	Profit for the Period	95,534	182,472	95,534	182,472
6	Profit Attributable to :				
a)	Equity holders of the parent	119,568	215,212	119,568	215,212
b)	Minority Interest	(24,034)	(32,740)	(24,034)	(32,740)
7	Earnings per share attributable to shareholders of the parent (sen) :				
a)	Basic	0.25	0.45	0.25	0.45
b)	Dilluted	NA	NA	NA	NA

The Condensed Consolidated Income Statement should be read in conjunction with the audited Financial Statement Year Ended 30 June 2009.

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CONDENSED CONSOLIDATED BALANCE SHEET as at September 30, 2009

	(Unaudited) As At 30.09.2009 RM	(Audited) As At 30.06.2009 RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	653,250	653,760
Goodwill on Consolidation	2,120,422	2,120,422
Deferred tax asset	2,500,000	2,500,000
	<u>5,273,672</u>	<u>5,274,182</u>
Current Assets		
Land and building held for sale	1,458,800	1,458,800
Inventories	11,373,182	10,707,612
Trade receivables	19,386,358	19,642,617
Other receivables, deposits & prepayments	1,070,591	1,076,876
Tax recoverable	147,618	147,618
Fixed Deposits, cash and bank balances	543,098	392,923
	<u>33,979,647</u>	<u>33,426,446</u>
TOTAL ASSETS	<u>39,253,319</u>	<u>38,700,628</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	48,131,398	48,131,398
Share premium	3,664,610	3,664,610
Accumulated Losses	(37,342,252)	(37,461,820)
	<u>14,453,756</u>	<u>14,334,188</u>
Minority interests	15,895	39,929
TOTAL EQUITY	<u>14,469,651</u>	<u>14,374,117</u>
Non Current Liabilities		
Long-term borrowings	3,038,989	2,965,542
Deferred Taxation	4,700	4,700
	<u>3,043,689</u>	<u>2,970,242</u>
Current Liabilities		
Trade payables	566,855	475,252
Other payables & accrued expenses	15,368,155	15,200,388
Amount owing to directors	522,219	522,219
Bank borrowings	5,259,982	5,135,642
Hire-Purchase and lease obligations :		
-Current portion	22,768	22,768
	<u>21,739,979</u>	<u>21,356,269</u>
TOTAL LIABILITIES	<u>24,783,668</u>	<u>24,326,511</u>
TOTAL EQUITY AND LIABILITIES	<u>39,253,319</u>	<u>38,700,628</u>
Net Asset per Share (RM)	0.300	0.299

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited Financial Statement Year Ended 30 June 2009.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the quarter ended September 30, 2009

The figures have not been audited.

	← Attributable to Equity Holders of the Company →					
	Issue Capital RM	Non- distributable Reserve Share Premium RM	Accumulated Loss RM	Total RM	Minority Interest RM	Total Equity RM
At 1 July 2009	48,131,398	3,664,610	(37,461,820)	14,334,188	39,929	14,374,117
Net profit for the period	-	-	119,568	119,568	(24,034)	95,534
At 30 September 2009	48,131,398	3,664,610	(37,342,252)	14,453,756	15,895	14,469,651
At 1 July 2008	48,131,398	3,664,610	(38,524,450)	13,271,558	136,065	13,407,623
Net profit for the period	-	-	215,212	215,212	(32,740)	182,472
At 30 September 2008	48,131,398	3,664,610	(38,309,238)	13,486,770	103,325	13,590,095

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Quarterly report on consolidated results for the financial quarter ended 30 September 2009

The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
for the quarter ended September 30, 2009

	3 months ended 30/09/2009 (unaudited) RM	3 months ended 30/09/2008 (unaudited) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	95,534	182,472
Adjustment for:		
Non cash items and non-operating items	579,902	993,088
Operating Profit before working capital changes	675,436	1,175,560
Changes in Working Capital		
Net changes in current assets	(403,026)	(1,214,857)
Net changes in current liabilities	84,736	60,412
Cash from operations	357,146	21,115
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(47,440)	(35,523)
Net cash used in investing activities	(47,440)	(35,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	-	(54,496)
Finance costs paid	(159,530)	(229,791)
Net cash used in financing activities	(159,530)	(284,287)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	150,176	(298,695)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	370,293	788,573
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	520,469	489,878

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Quarterly report on consolidated results for the financial quarter ended 30 September 2009

The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
for the quarter ended September 30, 2009

	3 months ended 30/09/2009 (unaudited) RM	3 months ended 30/09/2008 (unaudited) RM
Cash & cash equivalents at end of financial period comprise the following:		
Fixed deposits with licenced banks	9,564	8,982
Cash & bank balances	533,534	503,525
Bank overdrafts	(22,629)	(22,629)
	<u>520,469</u>	<u>489,878</u>

The Condensed Cash Flow Statements should be read in conjunction with the audited Financial Statement Year Ended 30 June 2009

**AHB HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES**

The figures have not been audited

Part A – Explanatory Notes Pursuant to FRS134

A 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ('FRS') 134: Interim Financial Reporting and Paragraph 9-22 of the Bursa Malaysia Securities Berhad ("BMSB")'s Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2009.

The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2009.

A 2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2009.

A3. Auditors' Report on Preceding Audited Financial Statement

There were no audit qualifications on audited report of the preceding financial statements.

A4. Seasonality or cyclical

The operations of the business are not seasonal or cyclical in nature.

A5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows of Group during the current quarter.

A6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current quarter.

A7. Debt and Equity Securities

There are no activities in the period under review.

A8. Dividend Paid

No dividend was paid for the year ended 30 June 2009.

A9. Segmental Reporting

There is no segmental reporting as the Group's activities are confined to the trading of office furniture, and all the operating companies are located geographically in Malaysia.

A10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 30 June 2009.

A11. Subsequent Materials Events

There were no material events subsequent to the end of the quarter under review.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and the period under review.

A13. Contingent Liabilities

There were no material claims for and against the Group as at 30 September 2009, except that in 2005, a subsidiary company which had a pioneer status received an additional tax assessment of RM756,271 for the year of assessment 1998 due to reinvestment allowances and certain expenses claimed that were disallowed by the tax authorities. The Company has appealed against the disallowance of these allowances and expenses and pending the outcome of the appeal, the additional tax assessment has not been provided for in the financial statements.

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**Part B – Additional Explanatory Notes Pursuant to Appendix 9B
of the Listing Requirements of Bursa Securities**

B1. Review of Performance of the Company and its Principal Subsidiaries for the Group

The Group is currently exercising an effective strategy for better quality sales while controlling cost efficiently and ensuring reasonable margins in revenue. For the 3 months period ended 30 September 2009, the Group registered RM 6,327,493 revenue and net profit of RM 95,534 compared to RM 9,333,238 and RM 182,472 respectively in the corresponding 3 months period ended 30 September 2008.

B2. The results of the current quarter as compared with immediate preceding quarter for the Group

For the 3 months period ended 30 September 2009 compared to the 3 months period ended 30 June 2009, revenue increased from RM 5,369,999 to RM 6,327,493. The profit for the quarter is RM 95,534 compared to a profit of RM 301,046 for the immediate preceding quarter. Given the current poor global economic situation, this proven business model direction of effective outsourcing with strong information technology and human resource infrastructure is a good advantage.

B3. Prospects

AHB is guarded about its financial performance for the financial year ending 30 June 2010. AHB's business model is now proven to be competitive in the industry.

B4. Profit Forecast or Profit Guarantee

(a) Profit Forecast : Not applicable

(b) Profit Guarantee

Pursuant to the listing of the Company on the Main Market (formerly known as Second Board) of Bursa Malaysia Securities Berhad on 21 May 1996 and the subsequent revision of the profit guarantee agreement approved by the shareholders in an extraordinary general meeting on 29 September 1998, the guarantors, namely Yong Yoke Keong, Yong Chew Keat and Iskandar Holdings Sdn. Bhd., (collectively, referred to as the Guarantors), had provided a guarantee that the consolidated profits before tax of the Company of RM15,960,600 shall be achieved over a period of five (5) years commencing from the financial year ended 30 June 1998 to 2002. As at 30 June 2002, the shortfall in the profit guarantee amounted to RM15,960,000.

In this connection, the guarantors acknowledged their liabilities in relation to the above profit guarantee have crystallised and intend to fully discharge their obligations. Accordingly, on November 3, 2003, the Company announced a proposed compensation by the Guarantors for the abovementioned shortfall in profit guarantee involving the following proposals:

- (i) Proposed restricted issue of up to 19.670 million five (5) year warrants (Warrants) on a non-renounceable basis to the shareholders of the Company other than the Guarantors and/or person connected to the Guarantors (Entitled Shareholders) at a date to be determined later; and
- (ii) Proposed offer by the Guarantors to purchase the Warrants from the Entitled Shareholders after the listing of the Warrants on Bursa Malaysia Securities Berhad (Collectively, referred to as the Proposed Settlement)

On 21 January 2004, the Company submitted the applications on the Proposed Settlement to the relevant authorities which have given their conditional approval to the Proposed Settlement vide their letter dated 9 December 2005.

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The Securities Commission (referred to as the SC) vide its letter dated 20 December 2005 approved the Company's application for an extension of time until 7 June 2006 to complete the Proposed Settlement. Subsequently, an application was made on 6 June 2006 for an extension of time for a further six (6) months to 7 December 2006.

The SC vide its letter dated 13 August 2006 did not approve the application for the extension of time. The directors are continuing to deliberate on the next course of action in relation to the Proposed Settlement, and understand that the Guarantors are exploring various options to arrive at a solution to the Proposed Settlement, and will keep the SC abreast accordingly.

Subsequently, the Board of Directors has been in active discussion within the Board, and with the management and also with third parties to arrive at a resolution of this matter. There have been various discussions with SC in finding the best way to resolve this matter.

B5. Taxation

There is no taxation for the current quarter as there are accumulated tax losses brought forward available to set off the profits.

B6. Unquoted investments and/or properties

There was no purchase or sale of unquoted investments and/or properties for the current quarter and the period under review.

B7. Quoted Securities

There were no purchases or sale of quoted securities for the current quarter and the period under review.

B8. Status of Corporate Proposals

- a) On 10 March 2006, the Board of Directors of AHB announced that AHB and its wholly-owned subsidiary, AHB Technology Sdn Bhd (collectively "the Company") had engaged KPMG Financial Services Sdn Bhd ("KPMG") as financial advisors to propose a voluntary debt restructuring scheme ("VDR") to all termed-out lenders for acceptance in relation to the Supplementary Debt Restructuring Agreement dated 17 August 2001 ("SDRA"). In relation to the VDR, the Company is negotiating with various banks to reschedule the loans, and would be completing this exercise in the near future.
- b) The Securities Commission ("SC") has vide its letter dated 26 October 2005 approved under Section 32(5) of the Securities Commission Act, 1993 the waiver from complying with approval conditions as set out in the SC's letter dated 28 January 2002, as follows:
 - (i) AHB should ensure full compliance with paragraph 11.12 of the Policies and Guidelines on Issue/Offer of Securities ("SC Issues Guidelines") with regard to the listing of a trading/retailing company on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") or operate a core business for which listing on the Second Board of Bursa Securities is allowed, within 2 years from the date of the decision letter; and
 - (ii) AHB should eliminate its accumulated losses within 2 1/2 years from the date of the decision letter.

The SC's approval is subject to the condition that the Company or its advisers, Affin Merchant Bank Berhad should submit a detailed proposal to the SC on the Company's plan to eliminate the accumulated losses and the said proposal should also be announced to Bursa Securities. The Board of Directors of the Company has taken note of the condition imposed by the SC and is actively deliberating on the same and/or the next course of action to be taken by the Company.

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The SC has also, vide the same letter, approved the extension of time up to 30 June 2006 for compliance of the Bumiputera equity condition, which was imposed under the Guideline on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests, vide the SC's letters dated 9 December 2004 and 25 February 2005. The equity condition was imposed on the requirement to increase the Bumiputera equity up to 30% (equivalent to 6,955,000 shares) of the enlarged issued and paid-up share capital of AHB.

B9. Group Borrowings and Debt Securities

	RM'000
	As of 30 September 2009
The Group's borrowings are as follows:	
Secured loan	
Long Term Borrowings	
(ii) Term Loan	3,039
Short Term Borrowings	
(i) Termed Out Loan	4,462
(ii) Term Loan	776
(iii) Bank overdraft	22
Total	8,299

B10. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk during the period under review.

B11. Material Litigation

There were no material litigations.

B12. Dividend

No dividend is recommended for the current quarter and period under review.

B13. Land and Building

A wholly owned subsidiary of AHB Holdings Berhad has on 25 June 2008 entered into a Sale and Purchase Agreement to dispose the Land and Building located at Lot 1835, Jalan College, Seri Kembangan, Selangor for a cash consideration of Ringgit Malaysia Two Million and Six Hundred Thousand Only (RM 2,600,000.00).

The above said disposal is pending completion for redemption consent from one of the bankers. However, the buyer has agreed to an extension of time on the above said agreement.

B14. Earnings Per Share

	3 months period ended	
	30 September 2009	30 September 2008
Basic Earnings Per Share		
Net profit	119,568	215,212
Weighted average number of ordinary shares in issue	48,131,398	48,131,398
Basic earnings per share (sen)	0.25	0.45
Diluted Earnings Per Share	N/A	N/A

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Fully diluted earnings per ordinary share is calculated by dividing the adjusted net profit for the year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Company has a category of potentially dilutive ordinary shares as follows :
Warrants 2005/2014;

The effect of this would be anti-dilutive to earnings per ordinary share.

- END OF REPORT -