

AHB HOLDINGS BERHAD

(274909-A)

INTERIM FINANCIAL STATEMENTS

for the quarter ended 30 June 2010



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AHB Holdings Berhad 274909-A
And Its Subsidiary Companies

Quarterly report on consolidated results for the financial quarter ended 30 June 2010

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT
for the quarter ended June 30, 2010

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER	CORRESPONDING		CORRESPONDING
		3 months ended	3 months ended	12 months ended	12 months ended
		30/6/2010	30/6/2009	30/6/2010	30/6/2009
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		RM	RM	RM	RM
1 (a)	Revenue	8,731,260	5,369,999	27,236,276	25,096,892
(b)	Other income	1,240,341	462,964	1,246,846	1,716,156
2 (a)	Profit before				
	finance cost, depreciation				
	and amortisation, exceptional items,				
	income tax, minority interests	989,027	642,396	2,812,194	2,591,352
(b)	Finance cost	(345,075)	(327,268)	(1,641,196)	(1,398,757)
(c)	Depreciation and amortisation	(60,144)	(14,082)	(194,569)	(226,101)
3	Profit Before Taxation	583,808	301,046	976,429	966,494
4	Income tax	-	-	(73,068)	-
5	Profit for the Period	583,808	301,046	903,361	966,494
6	Profit Attributable to :				
a)	Equity holders of the parent	583,808	345,119	943,290	1,062,630
b)	Minority Interest	-	(44,073)	(39,929)	(96,136)
7	Earnings per share attributable to				
	shareholders of the parent (sen) :				
a)	Basic	1.21	0.72	1.96	2.20
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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Quarterly report on consolidated results for the financial quarter ended 30 June 2010

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CONDENSED CONSOLIDATED BALANCE SHEET as at June 30, 2010

	(Unaudited) As At 30.06.2010 RM	(Audited) As At 30.06.2009 RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	643,549	653,760
Goodwill on Consolidation	1,935,486	2,120,422
Deferred tax asset	2,500,000	2,500,000
	5,079,035	5,274,182
Current Assets		
Land and building held for sale	1,458,800	1,458,800
Inventories	9,658,930	10,707,612
Trade receivables	21,563,294	19,642,617
Other receivables, deposits & prepayments	997,532	1,076,876
Tax recoverable	147,618	147,618
Fixed Deposits, cash and bank balances	405,443	392,923
	34,231,617	33,426,446
TOTAL ASSETS	39,310,652	38,700,628
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	48,131,398	48,131,398
Share premium	3,664,610	3,664,610
Accumulated Losses	(36,518,530)	(37,461,820)
	15,277,478	14,334,188
Minority interests	-	39,929
TOTAL EQUITY	15,277,478	14,374,117
Non Current Liabilities		
Long-term borrowings	3,226,277	2,965,542
Deferred Taxation	-	4,700
	3,226,277	2,970,242
Current Liabilities		
Trade payables	217,344	475,252
Other payables & accrued expenses	14,905,758	15,200,388
Amount owing to directors	748,219	522,219
Bank borrowings	4,912,808	5,135,642
Hire-purchase payables - current portion	22,768	22,768
	20,806,897	21,356,269
TOTAL LIABILITIES	24,033,174	24,326,511
TOTAL EQUITY AND LIABILITIES	39,310,652	38,700,628
Net Asset per Share (RM)	0.317	0.299

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

AHB Holdings Berhad 274909-A
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Quarterly report on consolidated results for the financial quarter ended 30 June 2010

The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
for the quarter ended June 30, 2010

	12 months ended 30/6/2010 (Unaudited) RM	12 months ended 30/6/2009 (Audited) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	976,429	966,494
Adjustment for:		
Non cash items and non-operating items	159,207	1,863,982
Operating Profit before working capital changes	1,135,636	2,830,476
Changes in Working Capital		
Net changes in current assets	(6,070,430)	(3,050,596)
Net changes in current liabilities	4,856,099	502,910
Cash generated from operations	(78,695)	282,790
Income tax paid	(73,068)	-
Net cash from operating activities	(151,763)	282,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(202,844)	(37,317)
Proceeds from disposal of property, plant and equipment	-	42,000
Net proceeds from disposal of subsidiaries	18,741	-
Net cash (used in)/from investing activities	(184,103)	4,683
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	-	(76,243)
Payment of hire purchase payables	-	(57,613)
Finance costs paid	(882,128)	(571,897)
Net cash used in financing activities	(882,128)	(705,753)

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Quarterly report on consolidated results for the financial quarter ended 30 June 2010

The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
for the quarter ended June 30, 2010

	12 months ended 30/6/2010 (Unaudited) RM	12 months ended 30/6/2009 (Audited) RM
NET DECREASE IN CASH & CASH EQUIVALENTS	(1,217,994)	(418,280)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	370,293	788,573
CASH & CASH EQUIVALENTS AT END OF THE YEAR	<u><u>(847,701)</u></u>	<u><u>370,293</u></u>

Cash & cash equivalents at end of financial year

comprise the following:

Fixed deposits with licenced banks	-	8,982
Cash & bank balances	405,443	383,941
Bank overdrafts	-	(22,630)
	<u><u>405,443</u></u>	<u><u>370,293</u></u>

The Condensed Cash Flow Statements 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 June 30, 2010

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	-	-	943,290	943,290	(39,929)	903,361
At 30 June 2010	48,131,398	3,664,610	(36,518,530)	15,277,478	-	15,277,478
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	-	-	1,062,630	1,062,630	(96,136)	966,494
At 30 June 2009	48,131,398	3,664,610	(37,461,820)	14,334,188	39,929	14,374,117

**AHB HOLDINGS BERHAD 274909-A
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 under review.

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.

**AHB HOLDINGS BERHAD 274909-A
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The figures have not been audited

A12. Changes in Composition of the Group

During the current quarter and the period under review, the Company completed the following:-

Disposal of subsidiary

- i) On 4 May 2010, the Company has disposed of its entire equity interest in AHB Manufacturing Sdn Bhd "AMfgSB", its wholly-owned subsidiary, comprising 1,000,000 ordinary shares of each RM1.00 each for RM1.00 cash.

The carrying amount of AMfgSB as at the disposal date is as follow:-

	RM'000
Current Assets	1
Current Liabilities	<u>(3,499)</u>
	<u>(3,498)</u>

- ii) On 4 May 2010, the wholly-owned subsidiary of the Company, AHB Marketing Sdn Bhd "AMSB" has disposed of its entire equity interest in Persistem Sdn Bhd "PSB", comprising 102,000 ordinary shares of each RM1.00 each for RM1.00 cash.

The carrying amount of PSB as at the disposal date is as follow:-

	RM'000
Current Assets	14
Current Liabilities	<u>(1,179)</u>
	<u>(1,165)</u>

- iii) On 4 May 2010, AMSB has also disposed of its entire equity interest in Prestigious Office Systems Sdn Bhd "POS", comprising 200,000 ordinary shares of each RM1.00 each for RM1.00 cash.

The carrying amount of POS as at the disposal date is as follow:-

	RM'000
Fixed Assets	18
Current Assets	249
Current Liabilities	(725)
Long-term Liabilities	<u>(4)</u>
	<u>(462)</u>

The abovesaid disposals were completed on 18 May 2010 and none of the Directors, major shareholder(s) of the Company and/or person connected with them has interest, direct or indirect, in the abovesaid disposals.

The accounting effect on the Group for the above disposals is a credit of RM 915,442, arising from net accounting adjustments which have no effect on cash flow and operations of the Group.

A13. Contingent Liabilities

There were no material claims for and against the Group as at 30 June 2010, 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 12 months period ended 30 June 2010, the Group registered RM 27,236,276 revenue and net profit of RM 903,361 compared to RM 25,096,892 and RM 966,494 respectively in the corresponding 12 months period ended 30 June 2009.

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

For the 3 months period ended 30 June 2010 compared to the 3 months period ended 31 March 2010, revenue has increased from RM 5,644,489 to RM 8,731,260. The profit for the quarter has increased to RM 583,808 as compared to a profit of RM 28,589 for the immediate preceding quarter. The increase was as a result of gain from disposal of the three subsidiaries in current quarter.

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. However, AHB's financial performance going forward may be affected by the strong Malaysian currency exchange because most of the AHB's revenue is mostly derived from priced in US dollars.

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 deliberating 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 income taxation for the current quarter as there are accumulated tax losses brought forward available to set off the profits.

The taxation charged in current year quarter amounted to RM 73,068 is in relation to under accrual of Real Property Gain Tax for the gain on disposal of freehold land and building in financial year ended 30 June 2002.

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

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and is actively deliberating on the same and/or the next course of action to be taken by the Company.

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 June 2010
The Group's borrowings are as follows:	
Secured loan	
Long Term Borrowings	
(ii) Term Loan	3,226
Short Term Borrowings	
(i) Termed Out Loan	4,165
(ii) Term Loan	748
Total	8,139

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 other than the announcements made on 5 January 2010 and 13 January 2010.

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).

B14. Earnings Per Share

	3 months period ended	
	30 June 2010	30 June 2009
Basic Earnings Per Share		
Net profit	583,808	345,119
Weighted average number of ordinary shares in issue	48,131,398	48,131,398
Basic earnings per share (sen)	1.21	0.72
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 -