



AHB HOLDINGS BERHAD

274909-A

INTERIM FINANCIAL STATEMENTS
for the quarter ended 30 September 2012

**AHB Holdings Berhad 274909-A
And Its Subsidiary Companies**

**CONDENSED CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME
for the quarter ended 30 September 2012**

The figures have not been audited.

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
			CORRESPONDING		CORRESPONDING
		3 months ended	3 months ended	3 months ended	3 months ended
		30/9/2012	30/9/2011	30/9/2012	30/9/2011
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		RM	RM	RM	RM
1 (a)	Revenue	4,023,139	4,030,641	4,023,139	4,030,641
(b)	Other income	-	-	-	-
2 (a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests	170,179	127,137	170,179	127,137
(b)	Finance cost	(280,299)	(282,883)	(280,299)	(282,883)
(c)	Depreciation and amortisation	(31,075)	(41,572)	(31,075)	(41,572)
3	Loss Before Taxation	(141,195)	(197,318)	(141,195)	(197,318)
4	Income tax	-	-	-	-
5	Loss for the Period	(141,195)	(197,318)	(141,195)	(197,318)
6	Other Comprehensive Income	-	-	-	-
7	Total comprehensive income for the period	(141,195)	(197,318)	(141,195)	(197,318)
8	Loss Attributable to :				
a)	Equity holders of the parent	(141,195)	(197,318)	(141,195)	(197,318)
b)	Non-controlling interest	-	-	-	-
		(141,195)	(197,318)	(141,195)	(197,318)
9	Total Comprehensive Income Attributable to :				
a)	Equity holders of the parent	(141,195)	(197,318)	(141,195)	(197,318)
b)	Non-controlling interest	-	-	-	-
		(141,195)	(197,318)	(141,195)	(197,318)
10	Loss per share attributable to shareholders of the parent (sen) :				
a)	Basic	(0.29)	(0.41)	(0.29)	(0.41)
b)	Dilluted	NA	NA	NA	NA

The Condensed Consolidated Income Statement of Comprehensive Income should be read in conjunction with the audited Financial Statement Year Ended 30 June 2012.

**AHB Holdings Berhad 274909-A
And Its Subsidiary Companies**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 SEPTEMBER 2012

The figures have not been audited.

	(Unaudited) As At 30.09.2012 RM	(Audited) As At 30.06.2012 RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	337,541	366,816
Goodwill on Consolidation	1,935,486	1,935,486
Deferred tax asset	2,500,000	2,500,000
	<u>4,773,027</u>	<u>4,802,302</u>
Current Assets		
Inventories	9,348,466	9,161,702
Trade receivables	12,575,653	13,171,038
Other receivables, deposits & prepayments	12,369,596	12,224,656
Tax recoverable	147,618	147,618
Cash and bank balances	52,898	3,688
	<u>34,494,231</u>	<u>34,708,702</u>
TOTAL ASSETS	<u>39,267,258</u>	<u>39,511,004</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	(38,684,721)	(38,543,526)
TOTAL EQUITY	<u>13,111,287</u>	<u>13,252,482</u>
Non Current Liabilities		
Long-term borrowings	3,265,561	3,170,197
	<u>3,265,561</u>	<u>3,170,197</u>
Current Liabilities		
Trade payables	2,835,782	3,090,619
Other payables & accrued expenses	16,000,950	15,957,243
Amount owing to directors	2,637,794	2,615,794
Bank borrowings	1,415,884	1,424,669
	<u>22,890,410</u>	<u>23,088,325</u>
TOTAL LIABILITIES	<u>26,155,971</u>	<u>26,258,522</u>
TOTAL EQUITY AND LIABILITIES	<u>39,267,258</u>	<u>39,511,004</u>
Net Asset per Share (RM)	<u>0.272</u>	<u>0.275</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statement Year Ended 30 June 2012.

**AHB Holdings Berhad 274909-A
And Its Subsidiary Companies**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the quarter ended 30 September 2012**
The figures have not been audited.

	3 months ended 30/9/2012 (Unaudited) RM	3 months ended 30/9/2011 (Unaudited) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(141,195)	(197,318)
Adjustment for:		
Depreciation and amortisation	31,075	41,572
Finance costs	280,299	282,883
Unrealised loss/(profit) on foreign exchange	125,315	(193,975)
Operating Profit/(Loss) before working capital changes	<u>295,494</u>	<u>(66,838)</u>
Changes in Working Capital:-		
Inventories	(186,764)	(152,685)
Receivables	325,130	(444,804)
Payables	(385,765)	843,630
Directors	22,000	(29,000)
Net cash generated from operating activities	<u>70,095</u>	<u>150,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(1,800)	(6,020)
Net cash used in investing activities	<u>(1,800)</u>	<u>(6,020)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(19,085)	(109,269)
Repayment of borrowings	-	(130,289)
Net cash used in financing activities	<u>(19,085)</u>	<u>(239,558)</u>
NET CHANGES IN CASH & CASH EQUIVALENTS	49,210	(95,275)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	3,688	804,346
CASH & CASH EQUIVALENTS AT END OF THE YEAR	<u>52,898</u>	<u>709,071</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Financial Statement Year Ended 30 J

**AHB Holdings Berhad 274909-A
And Its Subsidiary Companies**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the quarter ended 30 September 2012

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	Non-controlling Interest RM	Total Equity RM
At 1 July 2012	48,131,398	3,664,610	(38,543,526)	13,252,482	-	13,252,482
Total comprehensive income for the period	-	-	(141,195)	(141,195)	-	(141,195)
At 30 September 2012	48,131,398	3,664,610	(38,684,721)	13,111,287	-	13,111,287
At 1 July 2011	48,131,398	3,664,610	(35,671,064)	16,124,944	-	16,124,944
Total comprehensive income for the period	-	-	(197,318)	(197,318)	-	(197,318)
At 30 September 2011	48,131,398	3,664,610	(35,868,382)	15,927,626	-	15,927,626

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Financial Statement Year Ended 30

**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 2012.

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 2012.

A2. Changes in Accounting Policies

The significant accounting policies adopted in the unaudited interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2012 except for the mandatory adoption of the Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretations effective for the financial period beginning on or after 1 January 2012.

The adoption of these MFRSs, Amendments to MFRSs and IC interpretations do not have any material impact on the interim financial statements of the Group

Meanwhile, the Group has not adopted the following MFRSs, Amendments to MFRSs and IC interpretations that have been issued but not yet effective.

	<u>Effective for financial periods beginning on or after</u>
MFRS 10 - Consolidated Financial Statements	1 January 2013
MFRS 11 - Joint Arrangements	1 January 2013
MFRS 12 - Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 - Fair Value Measurement	1 January 2013
MFRS 119 - Employees Benefits	1 January 2013
MFRS 127 - Separate Financial Statements	1 January 2013
MFRS 128 - Investment in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7 - Disclosure: Offsetting Financial Assets and Financial Liabilities	1 January 2013
IC Interpretation 20 - Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132 - Offsetting Financial Assets And Financial Liabilities	1 January 2014
MFRS 9 - Financial Instruments	1 January 2015

A3. Auditors' Report on Preceding Audited Financial Statement

The auditors' report on the financial statements for the year ended 30 June 2012 was a qualified opinion due to the impairment loss on trade receivables amounting to RM20,950,845 where the trade receivables of the Group amounting to RM2,065,362 have been long outstanding and were not impaired. Minimal or no payment was received from these receivables as at the date of audited report. In the absence of any documentary evidence and alternative audit procedures, the auditors are unable to obtain sufficient appropriate audit evidence to ascertain the recoverability of the said balances.

A4. Seasonality or cyclicity

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

**AHB HOLDINGS BERHAD 274909-A
AND ITS SUBSIDIARY COMPANIES**

The figures have not been audited

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 period under review.

A9. Segmental Reporting

Business segment

Information relating to business segment is not presented as the Group has identified the business of office interior products, office furniture and specialised computer furniture as its sole operating segment.

Geographical segment

i) Revenue of the Group by geographical location of the customers are as follows:

	Revenue	
	3 months period ended	
	30 September	30 September
	2012	2011
	RM	RM
South – Eastern Asia	1,545,814	462,133
Middle East	2,397,168	2,366,300
South – Central Asia	80,157	1,200,073
America	-	2,135
	<u>4,023,139</u>	<u>4,030,641</u>

ii) Non-current assets

Non-current assets information are not presented by geographical location as all the non-current assets are located 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 2012.

A11. Subsequent Materials Events

On 21 May 2012, the Company announced the proposal to undertake the reduction of the issue and paid up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 via the cancellation of RM 0.80 of the existing par value of each ordinary share of RM 1 each in the Company (“Par Value Reduction”).

The shareholders of the Company had approved the Par Value Reduction at an Extraordinary General Meeting held on 28 June 2012.

On 6 September 2012, the High Court of Malaya granted an order confirming the Par Value Reduction.

On 3 October 2012, the sealed order was lodged with the Companies Commission of Malaysia and accordingly, the Par Value Reduction took effect on 3 October 2012.

**AHB HOLDINGS BERHAD 274909-A
AND ITS SUBSIDIARY COMPANIES**

The figures have not been audited

A12. Changes in Composition of the Group

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

A13. Contingent Liabilities

There were no material claims for and against the Group as at 30 September 2012, 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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**AHB HOLDINGS BERHAD 274909-A
AND ITS SUBSIDIARY COMPANIES**

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**Part B –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

For the 3 months period ended 30 September 2012, the Group registered RM 4,023,139 revenue and net loss of RM 141,195 compared to RM 4,030,641 revenue and net loss of RM 197,318 in preceding year corresponding quarter. As more than 85% of the Group's revenue are exported globally, performance continues to be affected by the continuing global economic uncertainties.

B2. Material Changes in Loss Before Taxation in Comparison to the Previous Quarter

The Group recorded a Loss before Taxation of RM 141,195 as compared to a Loss before Taxation of RM 2,469,408 in the previous quarter.

B3. Prospects

AHB is guarded about its financial performance for the financial year ending 30 June 2013. While the continuing global financial crisis affects the office furniture purchase decision, AHB had introduced new furniture programs to improve the market penetration. AHB also will be more aggressive in marketing of its products to a more diversified market base, including improving the local market share of the office furniture markets. The Board is actively considering ways to mitigate these uncertainties of the Group's revenue, and the management is working hard to explore these initiatives.

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 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.

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

AHB HOLDINGS BERHAD 274909-A AND ITS SUBSIDIARY COMPANIES

The figures have not been audited

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.

The Board and Management are working on a proposal to forward as soon as possible to SC to resolve this matter in the best way achievable.

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.

B6. 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. As at the date of this quarterly report, all termed-out lenders have re-scheduled the loans with AHB.
- 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.

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.

- c) AHB had on 21 May 2012 announced a par value reduction exercise to set off its accumulated losses against the credit arising from the par value reduction exercise and AHB shareholders had approved the proposed reduction at an Extraordinary General Meeting ("EGM") held on 28 June 2012 whereby the High Court of Malaya has granted an order confirming the Par Value Reduction. On 3 October 2012, the sealed order was lodged with

**AHB HOLDINGS BERHAD 274909-A
AND ITS SUBSIDIARY COMPANIES**

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the Companies Commission of Malaysia and accordingly, the Par Value Reduction took effect on 3 October 2012.

B7. Group Borrowings and Debt Securities

	RM'000
	As at 30 September 2012
The Group's borrowings are as follows:	
Secured loan	
Long Term Borrowings	
(i) Termed Out Loan	677
(ii) Term Loan	2,588
Short Term Borrowings	
(i) Termed Out Loan	497
(ii) Term Loan	919
Total	4,681

B8. Material Litigation

There were no material litigations other than the announcements made on 5 January 2010 and 13 January 2010.

B9. Dividend

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

B10. Earnings Per Share

	3 months period ended	
	30 September 2012	30 September 2011
Basic Earnings Per Share		
Net loss	(141,195)	(197,318)
Weighted average number of ordinary shares in issue	48,131,398	48,131,398
Basic loss per share (sen)	(0.29)	(0.41)
Diluted Earnings Per Share	N/A	N/A

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.

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**AHB HOLDINGS BERHAD 274909-A
AND ITS SUBSIDIARY COMPANIES**

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B11. Loss Before Tax

Loss before tax is arrived at after crediting/(charging) the following:

	3 months period ended 30 September 2012 RM
Interest expenses	(280,299)
Depreciation and amortization	(31,075)
Foreign exchange loss	<u>(125,315)</u>

The following items are not applicable for the quarter/period:

- i) Provision for and write off of receivables
- ii) Provision for and write off of inventories
- iii) Gain/(Loss) on disposal of quoted or unquoted investment or properties
- iv) Impairment of assets
- v) Gain/(Loss) on derivatives
- vi) Exceptional items

B12. Disclosure of realised and unrealised profits

The following analysis of realised and unrealised accumulated losses at the legal entity level is prepared in accordance with Guidance on Special matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

Realised and Unrealised Losses

	As at 30 September 2012 RM	As at 30 June 2012 RM
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(37,226,179)	(37,210,299)
- Unrealised gain / (loss)	1,905,873	2,031,188
	<u>(35,320,306)</u>	<u>(35,179,111)</u>
Add: Consolidation adjustments	(3,364,415)	(3,364,415)
Total Group accumulated losses as per consolidated accounts	<u>(38,684,721)</u>	<u>(38,543,526)</u>

- END OF REPORT -