



AHB HOLDINGS BERHAD

274909-A

INTERIM FINANCIAL STATEMENTS

for the quarter ended 30 June 2014

CONDENSED CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME

for the quarter ended 30 June 2014

The figures have not been audited.

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR	PRECEDING YEAR CORRESPONDING	CURRENT YEAR	PRECEDING YEAR CORRESPONDING
		3 months ended 30/06/2014 (unaudited) RM	3 months ended 30/06/2013 (unaudited) RM	12 months ended 30/06/2014 (unaudited) RM	12 months ended 30/06/2013 (audited) RM
1 (a)	Revenue	2,316,163	1,139,996	13,468,295	12,472,365
(b)	Other income	15,002	11,492,000	15,002	11,517,450
2 (a)	Profit/(Loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests	317,345	(7,763,376)	1,674,592	(3,805,446)
(b)	Finance cost	(102,800)	(221,624)	(769,330)	(4,402,066)
(c)	Depreciation and amortisation	(14,200)	(9,600)	(99,827)	(92,573)
3	Profit/(Loss) Before Taxation	200,345	(7,994,600)	805,435	(8,300,085)
4	Income tax	-	(900,062)	-	(900,062)
5	Profit/(Loss) for the Period	200,345	(8,894,662)	805,435	(9,200,147)
6	Other Comprehensive Income	-	-	-	-
7	Total comprehensive income for the period	200,345	(8,894,662)	805,435	(9,200,147)
8	Profit/(Loss) Attributable to :				
a)	Equity holders of the parent	200,345	(8,894,662)	805,435	(9,200,147)
b)	Non-controlling interest	-	-	-	-
		200,345	(8,894,662)	805,435	(9,200,147)
9	Total Comprehensive Income Attributable to :				
a)	Equity holders of the parent	200,345	(8,894,662)	805,435	(9,200,147)
b)	Non-controlling interest	-	-	-	-
		200,345	(8,894,662)	805,435	(9,200,147)
10	Loss per share attributable to shareholders of the parent (sen) :				
a)	Basic	0.38	(18.48)	1.51	(19.11)
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 2013

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2014

The figures have not been audited.

	(Unaudited) As At 30.06.2014 RM	(Audited) As At 30.06.2013 RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	341,926	391,094
Goodwill on Consolidation	1,935,486	1,935,486
Deferred tax asset	2,500,000	2,500,000
	<u>4,777,412</u>	<u>4,826,580</u>
Current Assets		
Inventories	6,626,156	7,014,313
Trade receivables	10,867,044	7,351,523
Other receivables, deposits & prepayments	4,222,575	5,071,126
Tax recoverable	-	-
Cash and bank balances	822,933	380,229
	<u>22,538,708</u>	<u>19,817,191</u>
TOTAL ASSETS	<u>27,316,120</u>	<u>24,643,771</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	10,669,130	9,626,280
Share premium	3,664,610	3,664,610
Capital Reserve	21,305,406	21,305,406
Accumulated Losses	(29,738,526)	(30,543,961)
TOTAL EQUITY	<u>5,900,620</u>	<u>4,052,335</u>
Non Current Liabilities		
Long-term borrowings	2,226,853	2,037,527
	<u>2,226,853</u>	<u>2,037,527</u>
Current Liabilities		
Trade payables	3,280,801	2,003,885
Other payables & accrued expenses	9,045,465	10,026,499
Amount owing to directors	3,374,929	3,341,069
Bank borrowings	2,616,390	2,423,091
Tax liabilities	871,062	759,365
	<u>19,188,647</u>	<u>18,553,909</u>
TOTAL LIABILITIES	<u>21,415,500</u>	<u>20,591,436</u>
TOTAL EQUITY AND LIABILITIES	<u>27,316,120</u>	<u>24,643,771</u>
Net Asset per Share (SEN)	<u>11.06</u>	<u>8.20</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statement Year Ended 30 June 2013.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the quarter ended 30 JUNE 2014

The figures have not been audited.

	← Attributable to Equity Holders of the Company →						Total Equity RM
	Issue Capital RM	Non- distributable Reserve Share Premium RM	Non- distributable Reserve Capital Reserve RM	Accumulated Loss RM	Total RM	Non-controlling Interest RM	
At 1 July 2013	9,886,280	3,664,610	21,305,406	(30,357,141)	4,748,915	-	4,748,915
Exercise of Warrant shares	782,850						
	10,669,130	3,664,610	21,305,406	(30,357,141)	5,282,005	-	5,282,005
Total comprehensive income for the period	-	-	-	805,435	805,435	-	805,435
At 30 JUNE 2014	10,669,130	3,664,610	21,305,406	(29,551,706)	6,087,440	-	6,087,440
At 1 July 2012	48,131,398	3,664,610	-	(38,543,526)	13,252,482	-	13,252,482
Par Value Reduction via cancellation of RM0.80 of the par value of RM1.00 per share & Resultant Capital Reserve	(38,505,118)		21,305,406	17,199,712	-	-	-
Total comprehensive income for the period	-	-	-	(9,200,147)	(9,200,147)	-	(9,200,147)
At 31 June 2013	9,626,280	3,664,610	21,305,406	(30,543,961)	4,052,335	-	4,052,335
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	-	-	-	(2,872,462)	(2,872,462)	-	(2,872,462)
At 30 June 2012	48,131,398	3,664,610	-	(38,543,526)	13,252,482	-	13,252,482

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Financial Statement Year Ended 30 June 2013.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the quarter ended 30 JUNE 2014

The figures have not been audited.

	12 months ended 30/6/2014 (Unaudited) RM	12 months ended 30/6/2013 (Audited) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	805,435	(8,300,085)
Adjustment for:		
Impairment loss on trade receivables	-	328,028
Inventory written off	-	2,798,217
Depreciation and amortisation	99,827	92,573
Other Receivables Written off	-	2,124,975
Trade Receivables Written off	-	10,298,121
Finance costs	769,330	4,402,066
Gain on disposal of property, plant & equipment	-	(22,467)
Unrealised loss/(profit) on foreign exchange	51,397	61,511
Operating Profit/(Loss) before working capital changes	1,725,989	11,782,939
Changes in Working Capital:-		
Inventories	388,157	(650,828)
Receivables	(2,666,970)	160,410
Payables	301,443	(11,020,580)
Directors	33,860	725,275
Tax Refund	-	6,921
Net cash generated from operating activities	(217,521)	1,004,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant & equipment	-	24,826
Purchase of property, plant & equipment	-	(119,210)
Proceed from exercise of warrants	1,042,850	
Net cash used in investing activities	1,042,850	(94,384)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(189,326)	(215,390)
Repayment of borrowings	(193,299)	(317,822)
Net cash used in financing activities	(382,625)	(533,212)
NET CHANGES IN CASH & CASH EQUIVALENTS		
	442,704	376,541
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		
	380,229	3,688
CASH & CASH EQUIVALENTS AT END OF THE PERIOD		
	822,933	380,229

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Financial Statement Year Ended 30 June 2013.

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

The figures have not been audited

Part A – Explanatory Notes Pursuant to MFRS134

A 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“MFRS”) MFRS 134: “Interim Financial Reporting” and Chapter 9 Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 30 June 2013.

The explanatory notes attached 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 2013.

A2. Changes in Accounting Policies

The audited financial statements of the Group for the financial year ended 30 June 2013 were prepared in accordance with MFRS. The accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2013 except as mentioned below :

The adoption of the applicable 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 and Amendments to MFRSs that have been issued but not yet effective.

	<u>Effective for financial periods beginning on or after</u>
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

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.

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A7. Debt and Equity Securities

There are no activities during the quarter 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	
	12 months period ended	
	30 June 2014	30 June 2013
	RM	RM
South – Eastern Asia	4,238,126	2,954,972
Middle East	6,050,086	7,097,957
South – Central Asia	2,364,038	1,906,164
America	816,045	513,272
	<u>13,468,295</u>	<u>12,472,365</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 2013.

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 period under review.

A13. Contingent Liabilities

There were no contingent material claims for and against the Group as at 30 June 2014.

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The figures have not been audited

**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

During the fourth quarter (3 months) period ended 30 June 2014, the Group registered RM2,316,163 revenue and net profit of RM200,345 compared to RM1,139,996 revenue and net loss of RM137,117 in preceding year corresponding quarter. The performance improvement is mainly because of our customers' improved business environment, and in turn, our customers provided us with improved orders.

B2. Material Changes in Profit / (Loss) Before Taxation in Comparison to the Previous Quarter

The Group recorded a Profit before Taxation of RM RM200,345 as compared with Profit before Taxation of RM168,330 in the previous quarter.

B3. Prospects

AHB is optimistic about its financial performance for the financial year ending 30 June 2015 because the Group will be able to expand its operations with the completion of the Corporate Proposal expected in September 2014. The management looks forward to implementing its business and expansion plans. The board is considering ways to expand the future revenues and profits of the Group and the management is working hard to explore these initiatives.

In addition, the Group has stabilized the operations and controlled the total cost of the Group.

B4. Profit Forecast or Profit Guarantee

- (a) Profit Forecast : Not applicable
- (b) Profit Guarantee Not applicable.

B5. Taxation

There are no taxation matters in the quarter under review.

B6. Status of Corporate Proposals

PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS (“Proposal”).

On 29 October 2013, the Company announced a proposal to undertake a renounceable rights issue of up to 106,718,796 new ordinary shares of RM0.20 each in AHB (“**AHB Shares**”) (“**Rights Shares**”) on the basis of two (2) Rights Shares for every one (1) existing AHB Share held on an entitlement date to be determined later (“**Entitlement Date**”), together with up to 71,145,864 free detachable new warrants (“**New Warrants**”) on the basis of two (2) New Warrants for every three (3) Rights Shares subscribed by the entitled shareholders (“**Proposed Rights Issue of Shares with Warrants**”).

The Company had submitted to an application for the Proposed Rights Issue of Shares with Warrants on 15 November 2013.

The Proposed Rights Issue of Shares with Warrants entails the issuance of up to 106,718,796 Rights Shares on the basis of two (2) Rights Shares for every one (1) existing AHB Share held, together with two (2) New Warrants for every three (3) Rights Shares subscribed by the shareholders of AHB whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date (“**Entitled Shareholders**”).

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The entitlements for the Rights Shares with New Warrants are renounceable in full or in part. However, the Rights Shares and the New Warrants cannot be renounced separately. Should the Entitled Shareholders renounce all of their Rights Shares entitlements under the Proposed Rights Issue of Shares with Warrants, they will not be entitled to the New Warrants. However, if the Entitled Shareholders accept only part of their Rights Shares entitlements under the Proposed Rights Issue of Shares with Warrants, they shall be entitled to the New Warrants in proportion of their acceptances of the Rights Shares entitlements.

The New Warrants will be immediately detached from the Rights Shares upon issuance and separately traded on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The New Warrants will be issued in registered form and constituted by a deed poll to be executed by the Company.

The Rights Shares with New Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s) (if applicable). It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

On 6 June 2014, TA Securities announced that a revised application for the Proposed Rights Issue of Shares with Warrants has been submitted to Bursa Securities with the revision to the maximum number of Rights Shares and New Warrants to be issued as follows:

As stated in the Announcements	Revised
"Proposed renounceable rights issue of up to 106,718,796 Rights Shares on the basis of two (2) Rights Shares for every one (1) existing AHB Share held on the Entitlement Date together with up to 71,145,864 New Warrants on the basis of two (2) New Warrants for every three (3) Rights Shares subscribed by the entitled shareholders."	"Proposed renounceable rights issue of up to 106,690,796 Rights Shares on the basis of two (2) Rights Shares for every one (1) existing AHB Share held on the Entitlement Date together with up to 71,127,197 New Warrants on the basis of two (2) New Warrants for every three (3) Rights Shares subscribed by the entitled shareholders."

On 13 June 2014, TA Securities announced that Bursa Securities has, vide its letter dated 12 June 2014 which was received on 13 June 2014, approved the following:

- i. listing of up to 106,690,796 Rights Shares to be issued pursuant to the Proposed Rights Issue of Shares with Warrants;
- ii. admission to the Official List and the listing of up to 71,127,197 New Warrants to be issued pursuant to the Proposed Rights Issue of Shares with Warrants; and
- iii. listing of up to 71,127,197 new AHB Shares to be issued pursuant to the exercise of the New Warrants.
The approval by Bursa Securities for the above is subject to the following conditions:
 - i. AHB and TA Securities must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Rights Issue of Shares with Warrants;
 - ii. AHB and TA Securities to inform Bursa Securities upon the completion of the Proposed Rights Issue of Shares with Warrants;
 - iii. AHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue of Shares with Warrants is completed;
 - iv. AHB to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at an extraordinary general meeting for the Proposed Rights Issue of Shares with Warrants; and
 - v. Payment of additional listing fees pertaining to the exercise of New Warrants. In this respect, AHB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of New Warrants as at the end of each quarter together with a detailed computation of listing fees payable.

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The figures have not been audited

On 1 July 2014, We issued the Circular to Shareholders in relation to this Proposal.

Our Shareholders have at the Extraordinary General Meeting held on 16 July 2014 passed the resolution set out in relation to this Proposal.

On 22 July 2014, TA Securities announced that AHB had executed the following:

- (i) a deed poll constituting the New Warrants (“Deed Poll”); and
- (ii) an underwriting agreement with TA Securities and JF Apex Securities Berhad (collectively referred to as the “Joint Underwriters”), whereby the Joint Underwriters will severally but not jointly underwrite 43,614,000 Rights Shares with 29,076,000 New Warrants, representing approximately 57.20% of the Minimum Subscription Level to be issued pursuant to the Rights Issue of Shares with Warrants.

In addition, the Company resolved to fix the following:

- (i) the issue price of Rights Shares at RM0.20 each; and
- (ii) the exercise price of New Warrants at RM0.20 each.

The issue price of the Rights Shares at RM0.20 each is determined and fixed by the Board after taking into consideration the following:

- (i) the TEAP of AHB Shares of RM0.2105, based on the 5D-VWAP of AHB Shares up to and including 21 July 2014 (being the last trading date immediately preceding the price fixing date) of RM0.2457;
- (ii) the prevailing market sentiments at the point of price fixing;
- (iii) the historical share price movement of AHB Shares;
- (iv) the par value of AHB Shares of RM0.20 each; and
- (v) the funding requirements of the Group, details of which are set out in Section 3 of the circular to shareholders dated 1 July 2014.

The issue price of the Rights Shares at RM0.20 each represents a discount of approximately RM0.0105 or 4.99% to the TEAP of AHB Shares of RM0.2105, based on the 5D-VWAP per AHB Share up to and including 21 July 2014 of RM0.2457.

The exercise price of the New Warrants at RM0.20 each is determined and fixed by the Board after taking into consideration the following:

- (i) the TERP of AHB Shares based on 5D-VWAP of AHB Shares up to and inclusive of 21 July 2014 of RM0.2152;
- (ii) the prevailing market prices of AHB Shares;
- (iii) the par value of AHB Shares of RM0.20 each; and
- (iv) at a price deemed attractive to entice shareholders to subscribe for the Rights Shares and for the New Warrant holders to exercise the New Warrants in the future.

The exercise price of the New Warrants at RM0.20 each represents the par value of AHB Shares and a discount of RM0.0152 or 7.06% to the TERP of AHB Shares of RM0.2152, based on the 5D-VWAP per AHB Share up to and including 21 July 2014 of RM0.2457.

On 7 August 2014, we issued the Abridged Prospectus in relation to this Proposal.

Several other pertinent relevant announcements had been disclosed in relation to this Proposal to Bursa, and a separate announcement will be made today on the subscription details of this Proposal. There are no other activities other than disclosed above.

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The figures have not been audited

B7. Group Borrowings and Debt Securities

	RM'000
	As at 30 June 2014
The Group's borrowings are as follows:	
Secured loan	
Long Term Borrowings	
(i) Termed Out Loan	644
(ii) Term Loan	1,583
Short Term Borrowings	
(i) Termed Out Loan	556
(ii) Term Loan	2060
Total	4,843

B8. Material Litigation

On 29 August 2013 the Company announced that AHB Technology Sdn Bhd ("AHBT"), a wholly-owned major subsidiary, has on 21 August 2013 been served with a Writ of Summons for claims of a sum of RM1,139,016.57 from AHBT being the amount owing by AHBT as at 3 March 2013 under the Term Loan Facilities granted by Maybank Berhad, plus interest thereon. AHBT had engaged the services of a solicitor to defend these claims.

There were no material litigations other than the announcement made above.

B9. Dividend

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

B10. Earnings Per Share

	3 months period ended		12 months period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Basic Earnings Per Share				
Net profit/(loss)	200,345	(8,894,662)	805,435	(9,200,147)
Weighted average number of ordinary shares in issue	53,345,650	48,131,398	53,345,650	48,131,398
Basic profit/(loss) per share (sen)	0.38	(18.48)	1.51	(19.11)
Potential number of ordinary shares in issue	53,345,650	48,131,398	53,345,650	48,131,398
Diluted Earnings Per Share (Sen)	0.38	(18.48)	1.51	(19.11)

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 had a category of potentially dilutive ordinary shares as follows:
Warrants 2005/2014;

The effect of this would be dilutive to earnings per ordinary share as illustrated above.

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The figures have not been audited

B11. Profit/(Loss) Before Tax

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

	3 months period ended 30 June 2014 RM	12 months period ended 30 June 2014 RM
Other income	15,002	-
Interest expenses	(102,800)	(769,330)
Depreciation and amortization	(14,200)	(99,827)
Impairment loss on receivables	-	-
Foreign exchange loss	343,520	(51,397)
	<u>343,520</u>	<u>(51,397)</u>

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

- i) Provision for and write off of inventories
- ii) Gain/(Loss) on disposal of quoted or unquoted investment or properties
- iii) Impairment of assets
- iv) Gain/(Loss) on derivatives
- v) 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 June 2014 RM	As at 31 June 2013 RM
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(30,543,961)	(41,823,532)
- Unrealised gain / (loss)	805,435	2,438,489
	<u>(29,738,526)</u>	<u>(39,385,043)</u>
Add: Consolidation adjustments	-	8,841,082
Total Group accumulated losses as per consolidated accounts	<u>(29,738,526)</u>	<u>(30,543,961)</u>

- END OF REPORT -