

AHB HOLDINGS BERHAD

Company number 274909A. Stock Code 7315

Interim Financial Statements for the Second Quarter ended 30 September 2017





Artwright is an ISO 14001 certified environmentally responsible company; and an ISO 9001 quality certified company **.

Environmental Responsibilities.

Artwright environment is a careful blend of materials, resources, technology and fine design. We apply our expertise in design and manufacturing process to create and deliver innovative products with minimal adverse environmental impact. In our production, we carefully select materials that are safe, healthy and ecologically sound throughout their life cycle. Over 80% of materials used are recyclable.

Wood used in the Artwright environment is an ecologically sensitive choice. The hevea brasiliensis, commonly known as the rubber trees, are rapidly renewable, and are harvested from expired matured rubber latex plantations. Therefore, we have provided extra use for the trees, and eliminated the usage of natural forest timber.

Our commitment to environmental protection includes being an ISO14001 Environmental Management System standards certified company. This ensures every environmental aspect in the organization is taken into consideration.

Appealing Design.

The Artwright office environment is clearly defined by the sleek lines and superior design. Curves blend to form functional units to create optimum offices.

Superior Standards.

Research on ergonomics is reflected in our integrated office environment with efficient space usage. All Artwright products are manufactured according to international standards.

Value Investments.

Your investment is fully protected by a guarantee against any manufacturing defect for 10 years. The system is also modular and consistently adaptable. Engineered for durability, Artwright's timeless design assures you of a high value investment.

** ISO 9002 first certified 1998, ISO 9001 certified 2016, ISO 14001 certified 2016.

AHB Holdings Berhad 274909-A
And Its Subsidiary Companies

CONDENSED CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME

for the quarter ended 30 September 2017

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	6 months ended	6 months ended
		30/09/2017	30/09/2016	30/09/2016	30/09/2016
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		RM	RM	RM	RM
1 (a)	Revenue	4,830,620	3,203,545	9,557,868	6,502,894
(b)	Other income	834	8,588	9,033	20,688
2 (a)	Profit/(Loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests	736,775	506,161	1,466,708	1,015,807
(b)	Finance cost	(8,061)	(8,525)	(12,395)	(8,525)
(c)	Depreciation and amortisation	(222,263)	(148,727)	(442,466)	(295,837)
				-	-
3	Profit/(Loss) Before Taxation	506,451	348,909	1,011,847	711,445
				-	-
4	Income tax	(2,050)	-	(4,100)	-
5	Profit/(Loss) for the Period	504,401	348,909	1,007,747	711,445
6	Other Comprehensive Income	-	-	-	-
7	Total comprehensive income for the period	504,401	348,909	1,007,747	711,445
8	Profit/(Loss) Attributable to :				
a)	Equity holders of the parent	504,401	348,909	1,007,747	711,445
b)	Non-controlling interest	-	-	-	-
		504,401	348,909	1,007,747	711,445
9	Total Comprehensive Income Attributable to :				
a)	Equity holders of the parent	504,401	348,909	1,007,747	711,445
b)	Non-controlling interest	-	-	-	-
		504,401	348,909	1,007,747	711,445
10	Profit/(Loss) per share attributable to shareholders of the parent (sen) :				
a)	Basic	0.32	0.22	0.63	0.44
b)	Diluted	0.27	0.22	0.55	0.44

The Condensed Consolidated Income Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for financial year ended 31 March 2017

AHB Holdings Berhad 274909-A
And Its Subsidiary Companies

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

The figures have not been audited.

	(Unaudited) As At 30.09.2017 RM	(Audited) As At 31.03.2017 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	7,134,043	6,026,509
Goodwill on consolidation	1,935,486	1,935,486
Deferred tax asset	2,500,000	2,500,000
	11,569,529	10,461,995
Current Assets		
Inventories	6,161,549	6,271,657
Trade receivables	10,354,057	10,550,650
Other receivables, deposits & prepayments	3,215,539	2,618,110
Tax recoverable	137,340	134,925
Cash and bank balances	233,347	1,847,984
	20,101,832	21,423,326
TOTAL ASSETS	31,671,361	31,885,321
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	34,899,182	34,899,182
Reserves	(4,193,867)	(5,201,614)
TOTAL EQUITY	30,705,315	29,697,568
Non-Current Liabilities		
Deferred tax liabilities	-	-
	-	-
Current Liabilities		
Trade payables	719,641	1,407,622
Other payables & accrued expenses	160,905	638,431
Amount owing to directors	85,500	141,700
Tax payables	-	-
	966,046	2,187,753
TOTAL LIABILITIES	966,046	2,187,753
TOTAL EQUITY AND LIABILITIES	31,671,361	31,885,321
Net Asset per Share (RM)	0.192	0.186

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the financial year ended 31 March 2017.

AHB Holdings Berhad 274909-A
And Its Subsidiary Companies

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

The figures have not been audited.

GROUP	← Attributable to Equity Holders of the Company →						Total
	Share Capital	Share Premium	Capital Reserve	Warrant Reserve	Other Reserve	Accumulated Loss	
of warrants							
At 01 July 2014	10,669,080	3,664,610	21,305,406	-	-	(29,814,400)	5,824,696
Total comprehensive income for the period	-	-	-	-	-	964,657	964,657
Transactions with owners :							
Issue of ordinary shares pursuant to rights issue	21,338,159	-	-	-	-	-	21,338,159
Right issue of warrant reserve	-	-	-	11,095,806	(11,095,806)	-	-
Share issuance expenses	-	(772,667)	-	-	-	-	(772,667)
Total transactions with owners	21,338,159	(772,667)	-	11,095,806	(11,095,806)	-	20,565,492
At 31 March 2015	32,007,239	2,891,943	21,305,406	11,095,806	(11,095,806)	(28,849,743)	27,354,845
Total comprehensive income for the financial year	-	-	-	-	-	1,829,079	1,829,079
At 31 March 2016	32,007,239	2,891,943	21,305,406	11,095,806	(11,095,806)	(27,020,664)	29,183,924
Total comprehensive income for the financial year	-	-	-	-	-	513,644	513,644
Reclassification Pursuant to Section 618 (2) of the Company Act 2016	2,891,943	(2,891,943)					
At 31 March 2017	34,899,182	-	21,305,406	11,095,806	(11,095,806)	(26,507,020)	29,697,568
Total comprehensive income for the financial period	-	-	-	-	-	1,007,747	1,007,747
	34,899,182	-	21,305,406	11,095,806	(11,095,806)	(25,499,273)	30,705,315

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statement for the financial year ended 31 March 2017.

AHB Holdings Berhad 274909-A
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

The figures have not been audited.

	6 months ended 30/09/2017 (Unaudited) RM	12 months ended 31/03/2017 (Audited) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,007,747	531,606
Adjustments for:		
Bad debts written off on receivables		
- Trade	-	-
- Others	-	-
Depreciation and amortisation	442,466	725,811
Finance costs	12,395	48
Impairment on slow moving inventories		53,102
Impairment loss on trade receivables	-	51,299
Impairment loss on other receivables	-	167,071
Interest income	(9,033)	(43,189)
Inventories written down	-	-
Unrealised gain on foreign exchange	-	(368,618)
Waiver of debts	-	-
Operating profit before working capital changes	<u>1,453,575</u>	<u>1,117,130</u>
Changes in working capital:-		
Inventories	110,108	(232,743)
Trade Receivables	196,593	(2,991,823)
Other Receivables	(597,429)	972,703
Trade Payables	(687,981)	(477,697)
Other Payables	(477,526)	26,875
Amount due from/to subsidiary companies		-
Amount due to Directors	85,500	48,900
	(1,370,735)	(2,653,785)
Cash (used in)/from operations	82,840	(1,536,655)
Interest received	9,033	43,189
Interest Paid		(48)
Tax paid	(4,100)	(16,847)
		26,294
Net cash (used in)/generated from operating activities	<u>87,773</u>	<u>(1,510,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(1,550,000)	(158,208)
Net cash used in investing activity	<u>(1,550,000)</u>	<u>(158,208)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(12,395)	-
Repayment of borrowings	-	-
Proceeds from issuance of ordinary shares	-	-
Share Issuance expenses	-	-
Net cash used in financing activities	<u>(12,395)</u>	<u>-</u>
NET CHANGES IN CASH & CASH EQUIVALENTS	(1,474,622)	(1,668,569)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	1,847,984	3,458,231
Effect of exchange translation difference on cash and cash equivalent	(140,015)	58,322
CASH & CASH EQUIVALENTS AT END OF THE YEAR	<u><u>233,347</u></u>	<u><u>1,847,984</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 31 March 2017.

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

The figures have not been audited

Part A – Explanatory Notes Pursuant to MFRS134

A1. Accounting Policies

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 31 March 2017.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2017.

A2. Seasonality or cyclicity

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

A3. Unusual items

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

A4. Material changes in estimates

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

A5. Debt and Equity Securities

There are no activities during the quarter under review.

A6. Dividend Paid

No dividend was paid for the period under review.

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

The figures have not been audited

A9. Segmental Reporting

Business segment

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

Geographical segment

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

	Revenue	
	6 months period ended	
	30 Sept 2017	30 Sept 2016
	RM	RM
South – Eastern Asia	5,265,594	3,075,601
Middle East	4,058,839	2,898,034
South – Central Asia	233,435	529,259
America	-	-
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	9,557,868	6,502,894
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- 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 31 March 2017.

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 September 2017.

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

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

As previously highlighted, the Group is experiencing improved business and is currently executing certain significant office furniture supply orders in the local and international markets. During the quarter under review, the Group's performance continued on the upward trend due to sustainable orders on hand. These customers' orders had also been smoothly executed, leading to good referred new customers in the pipeline.

Consequently, our Group registered an improved performance of approximately 45% increase in net profit after tax for the quarter ended 30 September 2017 of RM504,401 compared to RM348,909 in preceding year corresponding quarter. We registered an improved revenue of RM4,830,620 compared to RM3,203,545 in the respective comparative quarters.

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

The Group recorded a Profit before Taxation of RM506,451 as compared with Profits before Taxation of RM505,396 in the previous quarter.

B3. Prospects

We are embarking on a growth path, and hence we are preparing all our operational units to be ready for higher growth rate in the next financial year. Our SAP/R3 Enterprise Wide software system that had been in use since 1996 is providing our Group with a strong operational infrastructure to support our higher growth path.

AHB has increased its R&D resources and plans to introduce new dynamic furniture programs and new products to improve financial performance in the near future. Our existing product ranges continue to be relevant and popular amongst professional interior designers and interior architects around the world.

As noted previously, our Group had secured an order worth approximately RM30 million over 3 years period beginning during our first quarter ended 30 June 2017. We had since executed approximately RM4 million worth of this order smoothly.

The prospect of securing more good orders to improve our financial performance seems very likely. Such orders will provide our Group with a stable profit base for a higher growth path.

We had traditionally been very active in international markets. Going forward, we are diversifying our market base to include a larger local market share of the premium office furniture market.

Malaysia is a competitive producer of furniture with strong supply chains and markets worldwide. Our Group is well position to engage the many comparative advantages of Malaysia. AHB next steps include the setting up of market activities in the ASEAN region.

AHB is optimistic about its financial performance in the foreseeable future. The board is confident that financial performance will improve because of the abovementioned positive situations, barring any unforeseen circumstances.

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

The figures have not been audited

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

There are no outstanding corporate proposals.

B7. Group Borrowings and Debt Securities

There were no outstanding borrowings and debt securities as at 30 September 2017.

B8. Material Litigation

There were no material litigations as at the date of this report.

B9. Dividend

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

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

The figures have not been audited

B10. Earnings Per Share

Basic Earnings Per Share	3 months period ended		6 months period ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
Net profit/(loss)	504,401	348,909	1,011,847	711,445
Weighted average number of ordinary shares in issue	160,036,196	160,036,196	160,036,196	160,036,196
Basic profit/(loss) per share (sen)	0.32	0.22	0.63	0.44
Diluted Earnings Per Share (sen)	0.27	0.22	0.55	0.44

The Company has a category of potentially dilutive ordinary shares as follows:
Warrants 2014/2019.

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

B11. Profit/(Loss) Before Tax

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

	Current Period 3 months period ended 30 Sept-17 RM	Cumulative Period 6 months period ended 30 Sept-17 RM
Other income	834	9,033
Interest expenses	-	-
Depreciation and amortization	(222,263)	(442,466)
Foreign exchange loss (gain)	-	-
	-	-

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

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

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

The figures have not been audited

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 Sept 2017 RM	As at 31 Mar 2017 RM
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(40,447,257)	(40,447,257)
- Unrealised gain / (loss)	6,106,902	5,099,105
	<hr/>	<hr/>
	(34,340,355)	(35,348,102)
Add: Consolidation adjustments	8,841,082	8,841,082
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Total Group accumulated losses as per consolidated accounts	<u>(25,499,273)</u>	<u>(26,507,020)</u>

- END OF REPORT -