



AHB HOLDINGS BERHAD

274909-A

INTERIM FINANCIAL STATEMENTS
for the quarter ended 31 December 2013

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

**CONDENSED CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME
for the quarter ended 31 December 2013**

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
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		RM	RM	RM	RM
1 (a)	Revenue	3,850,083	3,403,136	7,951,316	7,426,275
(b)	Other income	-	-	-	-
2 (a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests	466,129	328,989	922,187	499,168
(b)	Finance cost	(228,029)	(268,356)	(428,480)	(548,655)
(c)	Depreciation and amortisation	(28,050)	(26,189)	(57,127)	(57,264)
3	Profit (Loss) Before Taxation	210,050	34,444	436,580	(398,601)
4	Income tax	-	-	-	-
5	Profit (Loss) for the Period	210,050	34,444	436,580	(398,601)
6	Other Comprehensive Income	-	-	-	-
7	Total comprehensive income for the period	210,050	34,444	436,580	(398,601)
8	Profit (Loss) Attributable to :				
a)	Equity holders of the parent	210,050	34,444	436,580	(398,601)
b)	Non-controlling interest	-	-	-	-
		210,050	34,444	436,580	(398,601)
9	Total Comprehensive Income Attributable to :				
a)	Equity holders of the parent	210,050	34,444	436,580	(398,601)
b)	Non-controlling interest	-	-	-	-
		210,050	34,444	436,580	(398,601)
10	Profit (Loss) per share attributable to shareholders of the parent (sen) :				
a)	Basic	0.42	0.07	0.88	(0.83)
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
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 DECEMBER 2013

The figures have not been audited.

	(Unaudited) As At 31.12.2013 RM	(Audited) As At 30.06.2013 RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	362,017	391,094
Goodwill on Consolidation	1,935,486	1,935,486
Deferred tax asset	2,500,000	2,500,000
	<u>4,797,503</u>	<u>4,826,580</u>
Current Assets		
Inventories	7,203,580	7,014,313
Trade receivables	7,380,794	7,351,523
Other receivables, deposits & prepayments	5,200,033	5,071,126
Tax recoverable	-	-
Cash and bank balances	334,154	380,229
	<u>20,118,561</u>	<u>19,817,191</u>
TOTAL ASSETS	<u>24,916,064</u>	<u>24,643,771</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	9,886,280	9,626,280
Share premium	3,664,610	3,664,610
Capital Reserves	21,305,406	21,305,406
Accumulated Losses	(30,107,381)	(30,543,961)
TOTAL EQUITY	<u>4,748,915</u>	<u>4,052,335</u>
Non Current Liabilities		
Long-term borrowings	2,133,831	2,037,527
	<u>2,133,831</u>	<u>2,037,527</u>
Current Liabilities		
Trade payables	1,880,853	2,003,885
Other payables & accrued expenses	9,500,320	10,026,499
Amount owing to directors	3,390,250	3,341,069
Bank borrowings	2,502,530	2,423,091
Tax Liabilities	759,365	759,365
	<u>18,033,318</u>	<u>18,553,909</u>
TOTAL LIABILITIES	<u>20,167,149</u>	<u>20,591,436</u>
TOTAL EQUITY AND LIABILITIES	<u>24,916,064</u>	<u>24,643,771</u>
Net Asset per Share (RM)	<u>0.0961</u>	<u>0.0842</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
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the quarter ended 31 December 2013
The figures have not been audited.**

	6 months ended 31/12/2013 (Unaudited) RM	6 months ended 31/12/2012 (Unaudited) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before tax	436,580	(106,751)
Adjustment for:		
Depreciation and amortisation	57,127	57,264
Finance costs	428,480	548,655
Unrealised loss/(profit) on foreign exchange	58,652	226,764
Operating Profit/(Loss) before working capital changes	980,839	725,932
Changes in Working Capital:-		
Inventories	(189,267)	(527,965)
Receivables	(158,178)	327,695
Payables	(649,211)	(383,170)
Directors	49,181	560,769
Net cash generated from operating activities	33,364	703,261
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	-	(1,800)
Net cash used in investing activities	-	(1,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(79,439)	(199,385)
Repayment of borrowings	-	(203,991)
Net cash used in financing activities	(79,439)	(403,376)
NET CHANGES IN CASH & CASH EQUIVALENTS	(46,075)	298,085
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	380,229	3,688
CASH & CASH EQUIVALENTS AT END OF THE YEAR	334,154	301,773

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

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the quarter ended 31 DECEMBER 2013

The figures have not been audited.

	← Attributable to Equity Holders of the Company →					
	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	9,626,280	3,664,610	21,305,406	(30,543,961)	4,052,335	-
Exercise of Warrant shares	260,000					
	9,886,280	3,664,610	21,305,406	(30,543,961)	4,312,335	-
Total comprehensive income for the period	-	-	-	436,580	436,580	-
At 31 December 2013	9,886,280	3,664,610	21,305,406	(30,107,381)	4,748,915	-
At 1 July 2012	48,131,398	3,664,610	-	(38,543,526)	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)	-

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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	
	3 months period ended	
	31 Dec 2013	31 Dec 2012
	RM	RM
South – Eastern Asia	1,936,938	1,678,659
Middle East	3,730,782	4,445,206
South – Central Asia	1,860,601	1,180,020
America	422,995	122,390
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	7,951,316	7,426,275
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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 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 2013.

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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 6 months period ended 31 December 2013, the Group registered RM3,850,083 revenue and net profit of RM210,050 compared to RM3,403,136 revenue and net profit of RM34,444 in preceding year corresponding quarter.

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

The Group recorded a Profit before Taxation of RM RM210,050 as compared with Profit before Taxation of RM226,530 in the previous quarter.

B3. Prospects

AHB is cautiously optimistic about its financial performance for the financial year ending 30 June 2014. While the continuing global financial crisis affects the office furniture purchase decision, AHB had introduced new furniture programs and new products to improve the market penetration. AHB is also marketing its products to a more diversified market base, including improving the local market share of the office furniture market. 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 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.

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**”).

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

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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.

There are no other activities other than disclosed above.

B7. Group Borrowings and Debt Securities

	RM'000
	As at 31 December 2013
The Group's borrowings are as follows:	
Secured loan	
Long Term Borrowings	
(i) Termed Out Loan	613
(ii) Term Loan	1,526
Short Term Borrowings	
(i) Termed Out Loan	516
(ii) Term Loan	1,981
Total	4,636

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.

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The figures have not been audited

B10. Earnings Per Share

	3 months period ended		6 months period ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Basic Earnings Per Share				
Net profit/(loss)	210,050	34,444	436,580	(398,601)
Weighted average number of ordinary shares in issue	49,431,400	48,131,398	49,431,400	48,131,398
Basic profit/(loss) per share (sen)	0.42	0.07	0.88	(0.83)
Potential number of ordinary shares in issue	53,359,398	48,131,398	53,359,398	48,131,398
Diluted Earnings Per Share	0.39	0.07	0.82	(0.83)

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 dilutive to earnings per ordinary share as illustrated above.

B11. Profit/(Loss) Before Tax

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

	3 months period ended 31 Dec 2013 RM	6 months period ended 31 Dec 2013 RM
Other income	-	-
Interest expenses	(228,029)	(428,480)
Depreciation and amortization	(28,050)	(57,127)
Impairment loss on receivables	-	-
Foreign exchange loss	(58,652)	(152,029)

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

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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 31 Dec 2013 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)	436,580	2,438,489
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	(30,317,431)	(39,385,043)
Add: Consolidation adjustments	-	8,841,082
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Total Group accumulated losses as per consolidated accounts	<u>(30,107,381)</u>	<u>(30,543,961)</u>

- END OF REPORT -