

AHB HOLDINGS BERHAD

(274909-A)



INTERIM FINANCIAL STATEMENTS

for the quarter ended 31 March 2008

AHB Holdings Berhad 274909-A
(formally known as Artwright Holdings Berhad)
And Its Subsidiary Companies

Quarterly report on consolidated results for the financial quarter ended 31 March 2008

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT
for the quarter ended December 31 March 2008

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER	CORRESPONDING	PERIOD	CORRESPONDING
		3 months ended	3 months ended	9 months ended	9 months ended
		31/3/2008	31/3/2007	31/3/2008	31/3/2007
		RM	RM	RM	RM
1 (a)	Gross Revenue	5,611,945	13,280,500	19,731,211	41,196,900
(b)	Investment income	0	0	0	0
(c)	Other income	6,000	0	14,243	0
2 (a)	Profit/(loss) before				
	finance cost, depreciation				
	and amortisation, exceptional items,				
	income tax, minority interests	785,863	1,136,500	2,732,989	4,397,900
(b)	Finance cost	(397,000)	(208,600)	(1,191,000)	(625,800)
(c)	Depreciation and amortisation	(249,000)	(360,000)	(747,000)	(1,075,000)
	- Depreciation of property, plant and equipment				
	- Amortization of intangible assets				
3	Profit Before Taxation	139,863	567,900	794,989	2,697,100
4	Income tax	0	0	0	0
5	Profit after tax for the Period	139,863	567,900	794,989	2,697,100
6	Profit Attributable to :				
a)	Equity holders of the parent	162,215	587,900	817,341	2,797,100
b)	Minority Interest	(22,352)	(20,000)	(22,352)	(100,000)
7	Earnings per share attributable to				
	shareholders of the parent (sen) :				
a)	Basic	0.29	1.22	1.70	5.81
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 2007.

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CONDENSED CONSOLIDATED BALANCE SHEET as at March 31, 2007

RM	(Unaudited)	(Audited)
	As At	As At
	31.03.2008	30.06.2007
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	1,158,916	2,635,538
Goodwill on Consolidation	2,120,422	2,120,422
Intangible Assets	122,072	349,572
Other Investments	1,000	1,000
	<u>3,402,410</u>	<u>5,106,532</u>
Current Assets		
Land and Building - asset held for sale	1,456,084.31	
Inventories	9,758,307	8,225,384
Trade receivables	20,943,650	20,475,302
Other receivables, deposits & prepayments	3,513,636	3,008,449
Tax recoverable	147,918	147,918
Fixed Deposits, cash and bank balances	1,288,910	1,549,428
	<u>37,108,505</u>	<u>33,406,481</u>
TOTAL ASSETS	<u>40,510,915</u>	<u>38,513,013</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	48,131,398	48,131,398
Share premium	3,664,610	3,664,610
Accumulated Losses	(38,905,446)	(39,722,787)
ICULS	-	-
	<u>12,890,562</u>	<u>12,073,221</u>
Minority interests	174,368	196,720
TOTAL EQUITY	<u>13,064,930</u>	<u>12,269,941</u>
Non Current Liabilities		
Long-term borrowings	1,815,810	1,815,810
Hire-purchase and lease obligations	-	5,924
Deferred Taxation	4,700	4,700
	<u>1,820,510</u>	<u>1,826,434</u>
Current Liabilities		
Trade payables	2,184,920	996,582
Other payables & accrued expenses	15,643,948	15,271,063
Amount owing to directors	359,805	200,805
Hire-Purchase and lease obligations :		
-Current portion	111,781	107,256
Bank borrowings	7,325,021	7,840,932
Tax liabilities	-	-
	<u>25,625,475</u>	<u>24,416,638</u>
TOTAL LIABILITIES	<u>27,445,985</u>	<u>26,243,072</u>
TOTAL EQUITY AND LIABILITIES	<u>40,510,915</u>	<u>38,513,013</u>
Net Asset per Share (RM)	0.268	0.251

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited Financial Statement Year Ended 30 June 2007.

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Quarterly report on consolidated results for the financial quarter ended 31 March 2008

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
for the quarter ended March 31, 2008

	9 months ended 31/03/2008	9 months ended 31/03/2007
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	794,989	2,697,100
Adjustment for:		
Non cash items and non-operating items	2,628,680	(1,996,126)
Operating Profit before working capital changes	3,423,669	700,974
Changes in Working Capital		
Net changes in current assets	(3,702,024)	1,735,915
Net changes in current liabilities	1,208,837	(1,385,799)
Cash from/(used in) operations	930,482	1,051,090
Income tax paid		(313,305)
Net cash from operating activities	930,482	737,785
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	-	(315,400)
Net cash used in investing activities	-	(315,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) of long term loans		-
Finance costs paid	(1,191,000)	(625,800)
ICULS interest paid	-	(334,786)
Repayment of hire purchase payables		(29,329)
Net cash used in financing activities	(1,191,000)	(989,915)
NET (DECREASE) IN CASH & CASH EQUIVALENTS	(260,518)	(567,530)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	1,549,428	2,159,632
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	1,288,910	1,592,102
Cash & cash equivalents at end of financial period comprise the following:		
Fixed deposits with licenced banks	-	159,475
Cash & bank balances	1,549,428	1,598,119
	1,549,428	1,757,594
Less:- Bank overdrafts	(260,518)	(165,492)
	1,288,910	1,592,102

The Condensed Cash Flow Statements should be read in conjunction with the audited Financial Statement Year Ended 30 June 2007

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the quarter ended March 31, 2007

The figures have not been audited.

	← Attributable to Equity Holders of the Company →				Total	Minority	Total
	Issue Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non- distributable Reserve Share Premium RM	Accumulated Loss RM			
At 1 July 2007	48,131,398	-	3,664,610	(39,722,787)	12,073,221	196,720	12,269,941
Net profit for the period	-	-	-	817,341	817,341	(22,352)	794,989
Interest on ICULS	-	-	-	-	-	-	-
At 31 March 2008	48,131,398	-	3,664,610	(38,905,446)	12,890,562	174,368	13,064,930
At 1 July 2006	41,858,633.00	8,970,055.00	967,320.00	(32,099,182.00)	19,696,826.00	86,177.00	19,783,003.00
Conversion of ICULs	6,272,765.00	(8,970,055.00)	2,697,290.00	-	-	-	-
Net profit for the period	-	-	-	2,797,100.00	2,797,100.00	(100,000.00)	2,697,100.00
Interest on ICULS	-	-	-	(334,786.00)	(334,786.00)	-	(334,786.00)
At 31 March 2007	48,131,398.00	-	3,664,610.00	(29,636,868.00)	22,159,140.00	(13,823.00)	22,145,317.00

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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 2007.

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 2007.

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 2007.

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 the 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 9 months period ended 31 March 2008.

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 2007.

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 current quarter and the period under review.

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A13. Contingent Liabilities

There were no material claims for and against the Group as at 31 March 2008, except that during the previous financial year, 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 a consolidation strategy for better quality sales, and thus exhibited a lower revenue level while controlling cost efficiently and ensuring reasonable margins in revenue. For the 9 months period ended 31 March 2008, the Group registered RM19,731,211 revenue and net profit of RM794,989 compared to RM41,196,900 and RM2,697,100 respectively in the corresponding 9 months period ended 31 March 2007.

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

For the 3 months period ended 31 March 2008 compared to the 3 months period ended 31 March 2007, revenue decreased to RM5,611,945 from RM13,280,500. The net profit after tax for the current quarter is RM139,863 compared to a net profit of RM567,900 for the immediate preceding quarter.

B3. Prospects

AHB is cautiously optimistic about improvements in financial performances in the near future. AHB's business model is now proven to be competitive in the industry. The proven business model direction of effective out-sourcing with strong information technology and human resources infrastructure is clearly bearing the fruits of an effective business strategy.

B4. Profit Forecast or Profit Guarantee

(a) Profit Forecast : Not applicable

(b) Profit Guarantee

Pursuant to the listing of the Company on the 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.

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

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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.

B5. Taxation

There is no taxation for the current quarter as there are accumulated tax losses brought forward available to set off the profits.

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 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.

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B9. Group Borrowings and Debt Securities

	RM'000
	As of 31 March 2008
The Group's borrowings are as follows:	
Secured loan	
Long Term Borrowings	
(i) Termed Out Loan	5,404
(ii) Term Loan	1,279
(1) Trust Receipts	2,457
Total	9,140

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.

B12. Dividend

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

B13. Land and Building

Land and building with the net value of RM1,456,081 is held for sale. These assets are located at Lot 1835, Jalan College, Seri Kembangan, Selangor.

B14. Earnings Per Share

	Quarter ended	
	31 March 2008	31 March 2007
Basic Earnings Per Share		
Net profit	139,863	567,900
Weighted average number of ordinary shares in issue	48,131,398	44,995,016
Basic earnings per share (sen)	0.29	1.22
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; 5,228,000

The effect of this would be anti-dilutive to earnings per ordinary share.

B15. Statement of Review by external auditor

The external auditors have reviewed the consolidated balance sheet and income statement for the quarter ended 31 March 2008 and nothing has come to their attention that causes them to believe that the consolidated balance sheet and income statement do not provide a true and fair view in accordance with Malaysian Accounting Standards Board approved standard in Malaysia.

- END OF REPORT -