

AHB HOLDINGS BERHAD

Company number 274909-A. Stock Code 7315

Interim Financial Statements for the Quarter ended 30 June 2020





DESIGN EXCELLENCE

The Premier Interior Design Awards of Malaysia

GOLD

MIID REKA AWARDS

Office Furniture Showroom

Artwright Office System Furniture Showroom won Gold, and Artwright Corporate Office won Silver, in the MIID REKA Awards 2019.

The Artwright Showroom and Office at Naza Tower, Persiaran KLCC was designed to celebrate its heritage as the oldest manufacturer for office system furniture in Malaysia and its reputation as a high-quality brand among its clientele. It is an open invitation to experience Artwright with all senses.



Artwright®

10 Persiaran KLCC, Level 16
Naza Tower, Platinum Park
50088 Kuala Lumpur
+603 9212 0822

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AHB Holdings Berhad 274909-A

And Its Subsidiary Companies

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE QUARTER ENDED 30 JUNE 2020

The figures have not been audited.

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
			CORRESPONDING		CORRESPONDING
		Q3 FY2020	Q5 FY2019	Q3 FY2020	Q5 FY2019
		3 months ended	3 months ended	9 months ended	9 months ended
		30/06/2020	30/06/2019	30/06/20	30/06/2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		RM	RM	RM	RM
1 (a)	Revenue	1,016,839	3,316,535	8,034,412	11,094,907
(b)	Other income	8,409	3,556	19,399	34,750
2 (a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests	(1,987,893)	525,406	(1,557,069)	1,653,844
(b)	Finance cost	(35,483)	(2,768)	(37,826)	(6,737)
(c)	Depreciation of property, plant and equipment	(380,820)	(257,130)	(1,112,442)	(771,373)
(d)	Share based payment expenses	(60,956)		(182,856)	
3	Profit/(Loss) Before Taxation	(2,465,152)	265,508	(2,890,193)	875,734
4	Income tax	-	-	-	(601)
5	Profit/(Loss) for the Period	(2,465,152)	265,508	(2,890,193)	875,133
6	Other Comprehensive Income	-	-	-	-
7	Total comprehensive income for the period	(2,465,152)	265,508	(2,890,193)	875,133
8	Profit/(Loss) Attributable to :				
	a) Equity holders of the parent	(2,465,152)	265,508	(2,890,193)	875,133
	b) Non-controlling interest	-	-	-	-
		(2,465,152)	265,508	(2,890,193)	875,133
9	Total Comprehensive Income Attributable to :				
	a) Equity holders of the parent	(2,465,152)	265,508	(2,890,193)	875,133
	b) Non-controlling interest	-	-	-	-
		(2,465,152)	265,508	(2,890,193)	875,133
10	Profit / Loss per share attributable to shareholders of the parent (sen) :				
	a) Basic	(1.47)	0.15	(1.73)	0.50
	b) Dilluted	NA	NA	NA	NA

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2019.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

The figures have not been audited.

	(Unaudited) As At 30.06.2020 RM	(Audited) As At 30.09.2019 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	10,103,679	11,034,212
Goodwill on consolidation	1,935,486	1,935,486
Deferred tax asset	4,000,000	4,000,000
	16,039,165	16,969,698
Current Assets		
Inventories	6,986,865	6,130,195
Trade receivables	2,901,543	6,468,647
Other receivables, deposits & prepayments	879,348	1,089,957
Tax recoverable	-	-
Cash and bank balances	2,175,641	1,501,966
	12,943,397	15,190,765
TOTAL ASSETS	28,982,562	32,160,463
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	39,576,908	39,576,908
Reserves	(14,470,428)	(11,763,091)
TOTAL EQUITY	25,106,480	27,813,817
Non-Current Liabilities		
Deferred tax liabilities	-	-
	-	-
Current Liabilities		
Trade payables	2,043,560	2,456,004
Other payables & accrued expenses	1,593,591	1,714,981
Amount owing to directors	234,550	171,250
Tax payables	4,381	4,381
	3,876,082	4,346,616
TOTAL LIABILITIES	3,876,082	4,346,616
TOTAL EQUITY AND LIABILITIES	28,982,562	32,160,433
Net Asset per Share (RM)	0.150	0.174

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the financial year ended 30 September 2019.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2020**

The figures have not been audited.

GROUP	Attributable to Equity Holders of the Company						Total RM
	Non-distributable						
	Share Capital RM	Capital Reserve RM	Share Issuance Scheme Option Reserve RM	Warrant Reserve RM	Other Reserve RM	Accumulated Loss RM	
At 01 April 2018, as restated	39,572,708	21,305,406	-	11,095,806	(11,095,806)	(29,607,219)	31,270,895
Net loss for the financial year, representing total comprehensive profit for the financial year	-	-	-	-	-	(3,705,085)	(3,705,085)
Transaction with Owners :							
Issuance of ordinary shares :							
- Conversion of Warrants	4,200	-	-	(3,276)	3,276	-	4,200
- Warrants Expired	-	-	-	(11,092,530)	11,092,530	-	-
- Grant of SIS Options	-	-	243,807	-	-	-	243,807
At 30 September 2019	39,576,908	21,305,406	243,807	-	-	(33,312,304)	27,813,817
Net profit for the financial period	-	-	-	-	-	(2,890,193)	(2,890,193)
Transaction with Owners :							
Issuance of ordinary shares :							
- Conversion of Warrants	-	-	-	-	-	-	-
- Warrants Expired	-	-	-	-	-	-	-
- Grant of SIS Options	-	-	182,856	-	-	-	182,856
At 30 JUNE 2020	39,576,908	21,305,406	426,663	-	-	(36,202,497)	25,106,480

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statement for the financial year ended 30 September 2019

AHB Holdings Berhad 274909-A
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2020

The figures have not been audited.

	9 months ended 30.06.2020 (Unaudited) RM	18 months ended 30.09.2019 (Audited) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before tax	(2,890,193)	(3,559,887)
Adjustments for:		
Depreciation of property, plant and equipment	1,112,442	1,822,835
Interest Expenses	37,817	162
Inventories written down	-	627,804
Impairment loss on trade receivables	-	1,293,141
Deposit Written off	-	15,740
Gain on disposal of property, plant and equipment	-	(175,205)
Interest income	17,595	(54,368)
Share-based payments	182,856	243,807
Unrealised (gain)/loss on foreign exchange	-	(326,021)
Operating profit before working capital changes	<u>(1,539,483)</u>	<u>(111,992)</u>
Changes in working capital:-		
Inventories	(856,670)	(445,461)
Trade Receivables	3,567,074	(1,750,846)
Other Receivables	210,609	1,200,406
Trade Payables	(412,444)	930,830
Other Payables	(121,390)	1,166,513
	<u>2,387,179</u>	<u>1,101,442</u>
Cash (used in)/from operations	847,696	989,450
Interest received	(17,595)	54,368
Interest Paid	(37,817)	(162)
Tax paid	-	-
	<u>(55,412)</u>	<u>54,206</u>
Net cash (used in)/generated from operating activities	<u><u>792,284</u></u>	<u><u>1,043,656</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	291,500
Purchase of property, plant & equipment	(181,909)	(3,531,851)
Net cash used in investing activity	<u>(181,909)</u>	<u>(3,240,351)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from /(Repayment to) Directors	63,300	78,250
Proceeds from issuance of ordinary shares	-	4,200
Net cash used in financing activities	<u>63,300</u>	<u>82,450</u>
NET CHANGES IN CASH & CASH EQUIVALENTS	673,675	(2,114,245)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	1,501,966	3,605,992
Effect of exchange translation difference on cash and cash equivalent	-	10,219
CASH & CASH EQUIVALENTS AT END OF THE YEAR	<u><u>2,175,641</u></u>	<u><u>1,501,966</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 30 September 2019

AHB HOLDINGS BERHAD 274909-A AND ITS SUBSIDIARY COMPANIES

The figures have not been audited

Part A – Explanatory Notes Pursuant to MFRS134

A1. 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 September 2019.

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 September 2019.

A2. Seasonality or cyclical

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. Auditors’ Report on Preceding Audited Financial Statement

The Company’s auditors opined as follows:

‘We have audited the financial statements of AHB Holdings Berhad, which comprise the statements of financial position as at 30 September 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 86.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.’

A6. Debt and Equity Securities

There are no activities during the quarter under review.

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AND ITS SUBSIDIARY COMPANIES**

The figures have not been audited

A7. Dividend Paid

No dividend was paid for the period under review.

A8. 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	
	9 months period ended	
	30 June 2020	30 June 2019
	RM	RM
South – Eastern Asia	5,830,522	8,799,550
Middle East	2,182,790	2,161,037
South – Central Asia	21,100	133,720
America		-
	<u>8,034,412</u>	<u>11,094,307</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.

A9. 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 September 2019.

A10. Subsequent Materials Events

There were no material events subsequent to the end of the quarter under review.

A11. Changes in Composition of the Group

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

A12. Contingent Liabilities

There were no contingent material claims for and against the Group as at 31 December 2019.

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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 quarter in review, our Group experience a softer economy both locally and globally due to global pandemic, political outlooks, trade tensions, and the local Movement Control Order.

As before, AHB embarked on her sharp focus on the premium segment of the office furniture market by investing and promoting “cutting-edge” new design furniture systems and products. The Group continues to reach out to customers in a changing workplace. With a strong spirited voice, the Group continually elevates her corporate brand to tap into new trends in an evolving market as a leading provider of fully integrated and highly flexible office furniture solutions that promote wellness and productivity.

The Group continues to executing some large office furniture supply contracts in the local and international scenes; however, due to the factors above mentioned, the revenue registered is RM1,016,839 compared to RM3,316,536 in the same respective comparative quarter.

The net loss after tax for the 3 months period ended 30 June 2020 is RM2,465,152 compared to a net profit after tax of RM265,508 in preceding year corresponding quarter. There was a decrease in the net margin due to higher depreciation charges and share based payment expenses. The higher depreciation charge was mostly a result of investment in tooling and a new headquarters @10 Persiaran KLCC. In addition, there was a significant adverse cost impact from a one-time charge arising from the implementation of cost reduction exercises.

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

The Group recorded a Loss before Taxation of RM2,465,152 as compared to RM543,250 in the previous quarter. As highlighted in Note B1, the quarter under review is adversely affected by an experience of a softer economy.

B3. Prospects

During the quarter under review, the shut-down under the Movement Control Order (“MCO”), Conditional Movement Control Order (“CMCO”) and Recovery Movement Control Order (“RMCO”) periods has affected the Group’s business activities by the cautious slow resumption of the construction industry. Many of the Group’s ongoing projects were delayed.

We are pleased to inform that the Group has taken the necessary steps to turn massive challenges into meaningful changes and opportunities, so as to navigate the financial and operational challenges of Covid-19 while rapidly addressing the needs of our people, customers and suppliers. We are confident that these actions will enable us to emerge from the pandemic stronger.

AHB HOLDINGS BERHAD 274909-A AND ITS SUBSIDIARY COMPANIES

The figures have not been audited

Our intervention actions address the following areas :

Fast New Product Introduction to address changing customer habits and New Potential Markets.

The outbreak has forced the Group to re-evaluate how employees deliver relevant customer experiences, where they work, and how digital channels can be used to support and improve business continuity through the crisis and beyond.

The Group has introduced a range of easy-to-distribute, and easy-to-assemble products to cater for the new Work-From-Home ("WFH") trends. This offer caters for the retail consumers who are looking for ergonomic and reliable home office solutions, or the corporations that are providing their employees WFH facilities.

On the B2B market segment, the Group has introduced a range of 'Covid Panels' products that provide the flexible and modular solutions that can be installed or added onto the existing setups in any workplaces. These "Covid Panels" have received encouraging response from the local Malaysian market, and our various international markets.

In addition, riding onto the international patents and technologies in the Group's new Sound-Pod introductions, the Group has introduced "SpaceCom Medical Hubs" – an all-inclusive, plug-and-play solution that enables any facility setup in a hassle free and time efficient manner. These Medical Hubs are specially designed for infectious diseases as they are constructed with negative pressure anti virus HEPA filtration and ventilation systems.

Accelerate E-Commerce and Digital Strategies to capture new marketplace.

With the emerging new behaviors in e-commerce, the Group has also identified urgent needs to accelerate the pivot to digital commerce, by expanding existing offerings and creating new lines of service. Our focus and direction are now to reimagine our digital strategies to capture new marketplace opportunities and digital customer segments.

Variable Cost Structure and Agile Workforce

The Group has been adopting a business model that focuses on research and development of office interior markets and products, and on outsourcing and contract manufacturing of office interior products. This business model as well as our flexible work force strategy, prove to be effective and resilient during these challenging pandemic times. The Group does not have the burden of fixed overheads in manufacturing and facilities when the office furniture industry globally is experiencing unprecedented disruptions in demand.

The Group's main operations continue to focus on high value-added activities such as new product testing and proto-typing, quality assurance, warehousing and delivering customer experiences. The entire operations are integrated by SAP R3 business software.

The Group has implemented strict procedures for our operations to adhere to the required Covid-19 SOPs. All our site employees have gone through Covid-19 tests to ensure our responsibility in helping the country curb the pandemic.

Building the resources to seize new opportunities

In the face of the Covid-19 crisis, the management had acted quickly to optimize the Group's resilience—rebalancing for risk and liquidity, while assessing opportunities for growth coming out of the downturn.

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The figures have not been audited

The Group has completed some Private Placement exercises in the 4th quarter of the financial year under review. Such timely actions have helped us address potential short-term liquidity challenges, and also to generate funding to invest in new opportunities for strategic moves that will create new futures for the Group.

Conclusions

The Group is confident that we are capable of dynamic self-management and continual adaptation. Our team has the experiences to help out-manuever uncertainty, and ensure our organization is built for agility, resiliency and growth.

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, as at 19 August 2020

A proposed SHARE ISSUANCE SCHEME ("SIS") of up to 15% of the total number of issued shares in AHB (excluding any treasury shares) at any one time during the duration of the SIS for the eligible directors and employees of AHB and its non-dormant subsidiaries was approved by Bursa Malaysia on 1 August 2018, and has been approved by AHB Shareholders during a meeting on 4 September 2018. The SIS was implemented on 2 May 2019.

Consequently:-

- | | | |
|----------------------|---------------------------|------------|
| 1. on 12 August 2020 | number of Options offered | 9,930,000 |
| 2. on 7 August 2020 | number of Options offered | 9,930,000 |
| 3. on 2 May 2019 | number of Options offered | 13,010,000 |

The above offered Options are vesting over a period expiring on 25 April 2024, subject to the fulfilment of certain vesting conditions; including certain lapse of eligibility of certain blocks of Options offered.

A proposed PRIVATE PLACEMENT of up to 10% of the number of issued shares of AHB (excluding of any treasury shares) pursuant to Sections 75 and 76 of the Companies Act 2016. This proposal has been approved by Bursa Securities on 1st August 2019 and further extended by Bursa on 20 January 2020.

Pursuant to the 10% Private Placement, and issuance of 13,698,600 Placement Shares at RM0.073 each was performed on 24 July 2020

A proposed PRIVATE PLACEMENT of up to 30% of the number of issued shares of AHB (excluding of any treasury shares) pursuant to Sections 75 and 76 of the Companies Act 2016 was approved by Bursa Securities on 5 November 2019, and further extended by Bursa on 29 April 2020 to until 4 November 2020.

Pursuant to the 30% Private Placement issuance of 40,000,000 Placement Shares at RM0.097 each on 11 August 2020

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The figures have not been audited

B7. Group Borrowings and Debt Securities

There were outstanding borrowings of RM1,662,153.60 and debt securities of a fixed deposit of RM1,516,238.66 as at 30 June 2020.

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.

B10. Earnings Per Share

Basic Earnings Per Share	3 months period ended		9 months period ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Net profit/(loss)	(2,465,152)	265,508	(2,890,193)	875,133
Weighted average number of ordinary shares in issue	167,473,457	176,039,794	167,473,457	176,039,794
Basic profit/(loss) per share (sen)	(1.47)	0.15	(1.73)	0.50
Fully Diluted Earnings Per Share (sen)	NA	NA	NA	NA

B11. Profit/(Loss) Before Tax

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

	Current Period 3 months period ended 30 Jun-20 RM	Cumulative Period 9 months period ended 30 Jun-20 RM
Other income	8,409	19,399
Interest expenses	(35,483)	(37,826)
Depreciation and amortization	(380,820)	(1,112,442)
Foreign exchange loss (gain)	-	-
	<u> </u>	<u> </u>

**AHB HOLDINGS BERHAD 274909-A
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The figures have not been audited

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

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 Jun 2020 RM	As at 30 Sep 2019 RM
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(40,447,257)	(40,447,257)
- Unrealised gain / (loss)	(4,596,321)	(1,706,128)
	<hr/>	<hr/>
	(45,043,578)	(42,153,385)
Add : Consolidation adjustments	8,841,082	8,841,082
	<hr/>	<hr/>
Total Group accumulated losses as per consolidated accounts	(36,202,496)	(33,312,303)
	<hr/>	<hr/>

- END OF REPORT -