

AHB HOLDINGS BERHAD

274909-A

INTERIM FINANCIAL STATEMENTS

for the quarter ended 30 June 2011

All together.



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AHB Holdings Berhad 274909-A
And Its Subsidiary Companies

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2011

The figures have not been audited.

	(Unaudited) As At 30.06.2011 RM	(Audited) As At 30.06.2010 RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	480,847	643,552
Goodwill on Consolidation	1,935,486	1,935,486
Deferred tax asset	2,500,000	2,500,000
	4,916,333	5,079,038
Current Assets		
Land and building held for sale	-	1,458,800
Inventories	9,942,492	9,677,855
Trade receivables	13,226,002	14,196,499
Other receivables, deposits & prepayments	8,108,772	7,769,994
Tax recoverable	147,618	147,618
Cash and bank balances	283,646	405,441
	31,708,530	33,656,207
TOTAL ASSETS	36,624,863	38,735,245
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	48,131,398	48,131,398
Share premium	3,664,610	3,664,610
Accumulated Losses	(35,670,203)	(36,463,564)
	16,125,805	15,332,444
Non-controlling interest	-	-
TOTAL EQUITY	16,125,805	15,332,444
Non Current Liabilities		
Long-term borrowings	3,854,012	3,867,396
	3,854,012	3,867,396
Current Liabilities		
Trade payables	622,140	1,124,283
Other payables & accrued expenses	14,343,239	13,438,214
Amount owing to directors	341,058	701,219
Bank borrowings	1,338,609	4,271,689
	16,645,046	19,535,405
TOTAL LIABILITIES	20,499,058	23,402,801
TOTAL EQUITY AND LIABILITIES	36,624,863	38,735,245
Net Asset per Share (RM)	0.335	0.319

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statement Year Ended 30 June 2010.

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CONDENSED CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME
for the quarter ended 30 June 2011

The figures have not been audited.

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
		3 months ended	3 months ended	12 months ended	12 months ended
		30/6/2011	30/6/2010	30/6/2011	30/6/2010
		(unaudited)	(unaudited)	(unaudited)	(Audited)
		RM	RM	RM	RM
1 (a)	Revenue	6,579,512	8,731,260	21,285,261	27,236,276
(b)	Other income	1,143,436	1,240,341	1,163,011	4,362,767
2 (a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests	987,469	989,027	2,334,844	2,657,568
(b)	Finance cost	(311,148)	(345,075)	(1,361,271)	(1,504,672)
(c)	Depreciation and amortisation	(41,993)	(60,144)	(180,212)	(194,569)
3	Profit Before Taxation	634,328	583,808	793,361	958,327
4	Income tax	-	-	-	-
5	Profit for the Period	634,328	583,808	793,361	958,327
6	Other Comprehensive Income	-	-	-	-
7	Total comprehensive income for the period	634,328	583,808	793,361	958,327
8	Profit Attributable to :				
a)	Equity holders of the parent	634,328	583,808	793,361	998,256
b)	Non-controlling interest	-	-	-	(39,929)
		634,328	583,808	793,361	958,327
9	Total Comprehensive Income Attributable to :				
a)	Equity holders of the parent	634,328	583,808	793,361	998,256
b)	Non-controlling interest	-	-	-	(39,929)
		634,328	583,808	793,361	958,327
10	Earnings per share attributable to shareholders of the parent (sen) :				
a)	Basic	1.32	1.21	1.65	2.07
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 2010.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the quarter ended 30 June 2011

The figures have not been audited.

	12 months ended 30/6/2011 (Unaudited) RM	12 months ended 30/6/2010 (Audited) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	793,361	958,327
Adjustment for:		
Non cash items and non-operating items	1,040,240	1,754,393
Operating Profit before working capital changes	1,833,601	2,712,720
Changes in Working Capital		
Net changes in current assets	(225,216)	(4,504,300)
Net changes in current liabilities	(703,479)	2,915,198
Net cash from operating activities	904,906	1,123,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(17,507)	(202,847)
Proceeds from disposal of property	2,600,000	-
Net proceeds from disposal of subsidiaries	-	18,741
Net cash generated from / (used in) investing activities	2,582,493	(184,106)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(1,169,465)	(704,159)
Repayment of borrowings	(2,439,729)	(200,205)
Net cash used in financing activities	(3,609,194)	(904,364)
NET DECREASE IN CASH & CASH EQUIVALENTS	(121,795)	35,148
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	405,441	370,293
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	283,646	405,441
Cash & cash equivalents at end of financial period comprise the following:		
Cash & bank balances	283,646	405,441
	283,646	405,441

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Financial Statement Year Ended 30 June 2010.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the quarter ended 30 June 2011

The figures have not been audited.

	← Attributable to Equity Holders of the Company →					
	Issue Capital RM	Non- distributable Reserve Share Premium RM	Accumulated Loss RM	Total RM	Non-controlling Interest RM	Total Equity RM
At 1 July 2010	48,131,398	3,664,610	(36,463,564)	15,332,444	-	15,332,444
Total comprehensive income for the period	-	-	793,361	793,361	-	793,361
At 30 June 2011	48,131,398	3,664,610	(35,670,203)	16,125,805	-	16,125,805
At 1 July 2009	48,131,398	3,664,610	(37,461,820)	14,334,188	39,929	14,374,117
Total comprehensive income for the period	-	-	998,256	998,256	(39,929)	958,327
At 30 June 2010	48,131,398	3,664,610	(36,463,564)	15,332,444	-	15,332,444

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Financial Statement Year Ended 30 June 2010.

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The figures have not been audited

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 2010.

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 2010.

A2. Changes in Accounting Policies

The significant accounting policies adopted in the unaudited interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2010 except for the adoption of the following new/revised FRSs, IC Interpretations and Amendments to FRSs issued by the MASB that are effective for the Group's financial statements commencing 1 July 2010:-

Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements - Cost of an investment in a subsidiary, jointly controlled entity or associate
FRS 1	- First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	- Share Based Payment. Amendments relating to vesting conditions and cancellations
Amendments to FRS 2	- Share Based Payment. Amendments relating to the scope of the Standard
FRS 3	- Business Combinations (Revised)
FRS 4	- Insurance Contracts
Amendments to FRS 5	- Non-Current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standard
FRS 7	- Financial Instruments: Disclosures
Amendments to FRS 7	- Financial Instruments: Disclosures. Amendment relating to financial assets
FRS 101	- Presentation of Financial Statements (Revised)
FRS 123	- Borrowing Costs.
Amendment to FRS 127	- Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
FRS 127	- Consolidated and Separate Financial Statements
Amendments to FRS 132	- Financial Instruments: Presentation. Amendment relating to puttable financial instruments
Amendments to FRS 138	- Intangible assets. Amendments relating to the revision to FRS 3
FRS 139	- Financial Instruments: Recognition and Measurement
Amendments to FRS 139	- Financial Instruments: Recognition and Measurement. Amendment relating to eligible hedged items, reclassification of financial assets and embedded derivatives

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IC Interpretation 9 Amendments to IC Interpretation 9	- Reassessment of Embedded Derivatives
Amendments to IC Interpretation 9	- Reassessment of Embedded Derivatives.
IC Interpretation 10	- Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3
IC Interpretation 11	- Interim Financial Reporting and Impairment
IC Interpretation 12	- FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	- Service Concession Arrangements
IC Interpretation 14	- Customer Loyalty Programmes
IC Interpretation 15	- FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
IC Interpretation 16	- Agreements for the Construction of Real Estate
IC Interpretation 17	- Hedges of a Net Investment in a Foreign Operation
	- Distributions of Non-cash Assets to Owners

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

Except for FRS 3, 7, 101, 127, 139, Amendments to FRS 5, 7, 127, 132, 138, 139 and IC Interpretation 10 are not expected to be relevant to the operations of the Group. The adoption of these standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application except for the following:

FRS 101 Presentation of Financial Statements (Revised)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard required the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively.

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. This Standard does not have any impact on the Group's financial statements as this change in accounting policy affects only the presentation of the Group's financial statements.

FRS 139 Financial Instruments: Recognition and Measurement

The new standard establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items.

FRS 139 establishes principles for recognition and measuring of the Group's financial instruments. Financial instruments are recorded initially at fair value plus, in case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent measurement of the financial instruments in the statement of financial position reflects the designation of the financial instruments. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 July 2010. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and bank balances and receivables.

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Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Impact on opening balances

In accordance with the transitional provisions for the first time adoption of FRS 139, the above changes are applied prospectively and the comparatives as at 30 June 2010 are not restated. Instead the changes have been accounted for by restating the opening balances as at 1 July 2010 in the consolidated statement of financial position. However, the fair values of the financial assets and financial liabilities reported in the balance sheet as at 1 July 2010 is approximate their actual carrying amounts and no restating the opening balance as at 1 July 2010 is necessary.

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.

A7. Debt and Equity Securities

There are no activities in the period under review.

A8. Dividend Paid

No dividend was paid for the period under review.

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 2010.

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 material claims for and against the Group as at 31 March 2011, except that in 2005, 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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The figures have not been audited

**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 has an effective strategy for better quality sales while controlling cost efficiently and ensuring reasonable margins in revenue. For the 12 months period ended 30 June 2011, the Group registered RM 21,285,261 revenue and net profit of RM 793,361 compared to RM 27,236,276 and net profit of RM 958,327 respectively in the corresponding 12 months period ended 30 June 2010. The Group's performance is adversely affected by the currency appreciation of the Ringgit against the US Dollars.

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

For the 3 months period ended 30 June 2011 compared to the 3 months period ended 31 March 2011, revenue has increased from RM 4,415,298 to RM 6,579,512. The profit for the quarter is RM 634,328 compared to a profit of RM 55,496 for the immediate preceding quarter. The increase was as a result of gain from disposal of the land and building held for sale in current quarter.

B3. Prospects

AHB is guarded about its financial performance for the financial year ending 30 June 2011. AHB's business model is now proven to be competitive in the industry. Going forward, AHB's financial performance continues to be affected by the strong Malaysian currency exchange because most of AHB's revenue is priced in US dollars.

B4. 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 2011	As at 31 March 2011
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(35,340,136)	(35,985,329)
- Unrealised	(330,067)	(319,202)
	<u>(35,670,203)</u>	<u>(36,304,531)</u>
Add: Consolidation adjustments	<u>-</u>	<u>-</u>
Total Group accumulated losses as per consolidated accounts	<u>(35,670,203)</u>	<u>(36,304,531)</u>

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B5. Profit Forecast or Profit Guarantee

(a) Profit Forecast : Not applicable

(b) Profit Guarantee

Pursuant to the listing of the Company on the Main Market 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 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.

Subsequently, the Board of Directors has been in active discussion within the Board, and with the Management and also with third parties to arrive at a resolution of this matter.

The Board and Management are working on a proposal to forward as soon as possible to SC to resolve this matter in the best way achievable.

B6. Taxation

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

B7. Unquoted investments and/or properties

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The figures have not been audited

There was no purchase or sale of unquoted investments and/or properties for the current quarter and the period under review.

B8. Quoted Securities

There were no purchases or sale of quoted securities for the current quarter and the period under review.

B9. 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 an 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.

B10. Group Borrowings and Debt Securities

	RM’000
	As at 30 June 2011
The Group’s borrowings are as follows:	
Secured loan	
Long Term Borrowings	
(i) Termed Out Loan	795
(ii) Term Loan	3,059
Short Term Borrowings	
(i) Termed Out Loan	575
(ii) Term Loan	764
Total	5,193

B11. Off Balance Sheet Financial Instruments

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The figures have not been audited

There were no material financial instruments with off balance sheet risk during the period under review.

B12. Material Litigation

There were no material litigations other than the announcements made on 5 January 2010 and 13 January 2010.

B13. Dividend

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

B14. Land and Building

A wholly owned subsidiary of AHB Holdings Berhad's land and building held for sale has been disposed on April 2011.

B15. Earnings Per Share

	3 months period ended	
	30 June 2011	30 June 2010
Basic Earnings Per Share		
Net profit	634,328	583,808
Weighted average number of ordinary shares in issue	48,131,398	48,131,398
Basic earnings per share (sen)	1.32	1.21
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;

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

- END OF REPORT -