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Corporate Information

BOARD OF DIRECTORS

- **Mirzan Mahathir**
Executive Chairman
- **Yong Yoke Keong**
Managing Director / Chief Executive Officer
- **Yong Chew Keat**
Executive Director
- **Tan Seng Kee**
Non-Independent Non-Executive Director
- **Hee Teck Ming**
Independent Non-Executive Director
- **Dato' Ong Kim Hoay**
Independent Non-Executive Director

AUDIT COMMITTEE

- **Dato' Ong Kim Hoay**
Chairman
Independent Non-Executive Director
- **Tan Seng Kee**
Non-Independent Non-Executive Director
- **Hee Teck Ming**
Independent Non-Executive Director

COMPANY SECRETARY

- **Yeoh Chong Keat**
(MIA 2736)

PRINCIPAL BANKERS

- **Bumiputra-Commerce Bank Berhad**
- **Alliance Bank Malaysia Berhad**

REGISTRARS

- **PFA Registration Services Sdn Bhd**
Level 13, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7725 4888 / 7725 8046
Fax: 03-7722 2311

AUDITORS

- **Deloitte KassimChan**
Level 19, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7726 1833 / 7723 6500
Fax: 03-7726 3986 / 7726 8986

REGISTERED OFFICE

- Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2031 1988
Fax: 03-2031 9788

Group Corporate Structure

**ARTWRIGHT
HOLDINGS BERHAD**
(Company No. 274909-A)

**ARTWRIGHT
TECHNOLOGY
SDN BHD**

100%

**ARTWRIGHT
MANUFACTURING
SDN BHD**

100%

**SPACECOM
MARKETING
SDN BHD**

100%

**ARTWRIGHT
MARKETING
SDN BHD**

100%

**CREATE SPACE
SDN BHD**

100%

**PRESTIGIOUS OFFICE
SYSTEMS SDN BHD**

67%

**PERSISTEM
SDN BHD**

51%

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Eleventh Annual Report and Financial Statements of Artwright Holdings Berhad for the financial year ended 30 June 2004.

Throughout her history, the Artwright group had constantly evolved. First founded in 1965 as a small producer of architects' drawing boards and tee-squares, the company took to visual display whiteboards in 1975. Artwright then introduced computer tables in 1985 when personal computers came into the market. Eventually, Artwright became a major producer of system office furniture completing the largest factory of its kind in ASEAN in 1996.

The 1997 Asian financial crisis adversely affected our ASEAN target markets and this led to years of poor financial performance by the group. Artwright managed to complete a financial restructuring exercise in October 2002 resulting in the transfer of Artwright's main manufacturing facility to a joint venture company called Steelcase Artwright Manufacturing Sdn Bhd. Our partner is Steelcase Inc., the world's largest office furniture company based in the U.S.

With this restructuring, Artwright once again evolved its business model to one that focuses on the research and development of products that serve the office interiors markets around the world and the trading and distribution of these products. Over the past two years, management has implemented our business model successfully. They focused on achieving cost efficiency through outsourcing and strict quality control as well as using IT to manage our supply chain and our HR infrastructure. The result is evident in the financial performance of the year under review.

Our turnover was RM49.7 million for the financial year ending June 2004 compared with RM26.1 million for the previous financial year. Net after tax profit was RM3.4 million while net assets improved to RM19.1 million. The profit before charging for interest, taxes, depreciation and amortization ('EBITDA') is a positive RM7.9 million compared to the prior year's negative RM4.7 million.

Our strategies going forward are threefold. Firstly, we must ensure that our products and services meet our customers' quality expectations. Secondly, there must be design and functional consistency across our entire product range so that our customers get value throughout the life of their investment and thirdly, we must expand our existing customer base aggressively. We are confident that Artwright has the skills and experience to implement these strategies successfully.



Chairman's Statement (Cont'd)

The Artwright brand denotes high quality solutions. Having achieved a position built over the decades as one of the most sophisticated system furniture companies in the world, we continue to deliver this differentiation in a more competitive manner than most of our peers. We are committed to continue in this direction.

We in Artwright believe that we must do business with integrity wherever we are. As such, we will continue our efforts to inculcate a strong culture of corporate governance within Artwright.

On behalf of the Board, I would like to extend my unreserved appreciation to the management and staff of Artwright group of companies, for their continuing hard work, commitment and dedication.

I take this opportunity to thank all our shareholders, bankers, advisors, business associates, customers and relevant government authorities for your invaluable support and confidence over the years and hope that you will continue to be there for us as we move forward into the future.

Let me also place on record my gratitude and appreciation to my colleagues on the Board for their wise counsel.

Mirzan Mahathir
Executive Chairman



Artwright at Orgatec 2004, Cologne Germany.

Board of Directors

Mirzan Mahathir, Malaysian, aged 46, is the Executive Chairman of the Artwright Holdings Berhad (AHB) Group. He was appointed to the Board of AHB on 13 March 1996. He holds a Masters in Business Administration from the Wharton School, University of Pennsylvania, Philadelphia, United States of America and a Bachelor of Science (Honours) degree in Computer Science from Brighton Polytechnic, England. After obtaining his Masters in Business Administration in 1987, he worked for two years with Salomon Brothers Inc., an investment bank based in New York, USA, as an investment Banking Associate. From April 1989 to February 1990, he was seconded to the Asia Pacific Investment Banking Department of Salomon Brothers Hong Kong Ltd., where he provided intensive investment banking advice on mergers and acquisitions, privatizations and capital raising. Since his return to Malaysia in March 1990, he was appointed director to several public listed companies such as Worldwide Holdings Berhad, Dolomite Corporation Berhad, Konsortium Logistik Berhad, Dataprep Holdings Berhad and Nakamichi Corporation Berhad. He is also the President of the Container Hauliers Association of Malaysia, Chairman of Malaysian Youth Orchestra Foundation and President of the Asian Strategy and Leadership Institute.

En. Mirzan Mahathir attended four (4) of the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2004.

Yong Yoke Keong, Malaysian, aged 45, was appointed as Director of AHB on 3 May 1994 and is currently the Managing Director/Chief Executive Officer of the Group. He graduated from McGill University, Canada with a Bachelor of Engineering Degree majoring in Mechanical Engineering in 1982. He also obtained his Masters in Business Administration in 1985 from the same university with multiple concentrations in Finance, Management Information Systems and International Business. Upon graduation, he took charge of the administration and product development of the Group. By 1988, he was in charge of the Group's overall operations. Through his leadership and innovative management style, he has been the catalyst for numerous technological advancements experienced by the Group. He previously was a council member of the Federation of Malaysian Manufacturers (FMM), and he was also the founding Joint Chairman of Institut Perakabentuk Dalam Malaysia Industry Partners (IPDM-ip).

Mr. Yong Yoke Keong is the brother of Mr. Yong Chew Keat, an Executive Director of the Group. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2004.

Yong Chew Keat, Malaysian, aged 55, was appointed to the Board of AHB on 3 May 1994. He is one of the founder members of the Artwright business. Over the past 30 years, he had jointly managed the companies in the AHB Group with his late father until 1988. He has extensive experience in the furniture industry and his entrepreneurial skills have helped steer the Group into one of the leading office furniture companies in Malaysia.

Mr. Yong Chew Keat is the brother of Mr. Yong Yoke Keong, the Managing Director/Chief Executive Officer of the Group. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2004.

Tan Seng Kee, Malaysian, aged 47, was appointed as a Non-Independent Non-Executive Director and an Audit Committee member on 13 March 1996. He is also a member of the Nomination and Remuneration Committee. He obtained a Bachelor of Law (Honours) degree from University Malaya in 1980. He practised as an assistant in several law firms before setting up his own legal practice. He has been a partner of Messrs Lee, Perara & Tan since 1988. He is also a Director of Pahanco Corporation Berhad, Kia Lim Berhad and Ajiya Berhad.

Mr. Tan Seng Kee attended four (4) of the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2004.

Hee Teck Ming, Malaysian, aged 45, appointed as an Independent Non-Executive Director and an Audit Committee member on 13 March 1996. He is also a member of the Nomination and Remuneration Committee. He has several years of aluminium fabrication experience in the United Kingdom after his graduation in engineering in 1982. On his return to Malaysia, he was with United Technologies Carriers from 1988 to June 2000, where he last held the post of General Manager. Currently, he holds the position of a Chief Operating Officer in Paracorp Technology Sdn Bhd.

Mr. Hee Teck Ming attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2004.

Dato' Ong Kim Hoay, Malaysian, aged 70, was appointed as an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee on 28 March 2002. He is also the Chairman of the Nomination and Remuneration Committee. He is an Associate Member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Secretaries and Administrators Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants. He started his career as an Auditor with Terquand Young & Co. (now known as Ernst & Young), a public accounting firm, in 1969. He subsequently joined Malayan Banking Berhad ("Maybank") in 1970 and had held various senior positions in Maybank before retiring as the General Manager. He had also served on the Board of Directors of Maybank for several years. He currently sits on the Board of Amanah Capital Partners Berhad, Ann Joo Resources Berhad, Atlan Holdings Berhad, Kimble Corporation Berhad, Multivest Resources Berhad and Sriwani Holdings Berhad.

Dato' Ong Kim Hoay attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2004.

Audit Committee Report

COMPOSITION

Dato' Ong Kim Hoay	- Chairman, Independent Non-Executive Director
Hee Teck Ming	- Member, Independent Non-Executive Director
Tan Seng Kee	- Member, Non-Independent Non-Executive Director

TERMS OF REFERENCE

Constitution

The Board has established a Committee of the Board to be known as the Audit Committee.

Membership

- The Committee shall be appointed by the Board of Directors from amongst the directors of the Company and shall consist of not less than three (3) members, a majority of whom shall be independent non-executive directors. A quorum requires the majority of members present to be independent non-executive directors.
- At least one member of the Committee must be a member of the Malaysian Institute of Accountants or similar qualification as prescribed in Part I or Part II of the First Schedule of the Accountants Act 1967.
- No alternate director is appointed as a member of the Committee.
- The members of the Committee shall elect a Chairman from among their members who shall be an independent non-executive director.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Review of the Audit Committee

The Board of Directors shall review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Authority

- The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.
- The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders to attend the meetings where necessary.
- The Committee shall have unrestricted access to both the internal and external auditors and is able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Functions and Duties

The functions of the Committee shall be amongst others:-

1. To review the following and report the same to the Board of Directors:-
 - (a) with the external auditor, the audit plan and the nature and scope of the audit before commencement;
 - (b) with the external auditor, the evaluation of the system of internal controls;
 - (c) with the external auditor, the audit reports, management letters and management response;
 - (d) the assistance given by the Company's employees to the external auditor;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

Audit Committee Report (Cont'd)

- (f) The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing on:-
- (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
- (h) any related party transactions and conflict of interest situation that may arise within the Company or Group;
- (i) any letter of resignation from the external auditors; and
- (j) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.
2. To recommend the nomination of a person or persons as external auditors.

Audit Committee Meetings and Attendance

During the financial year ended 30 June 2004, five (5) Audit Committee Meetings were held and the details of attendance of each members are as follows:-

Audit Committee Members	Dates of Audit Committee Meetings held during the financial year					Total meetings attended	Percentage of Attendance (%)
	27/08/03	30/10/03	21/11/03	24/02/04	24/05/04		
Dato' Ong Kim Hoay	V	V	V	V	V	5/5	100
Tan Seng Kee	V	V	X	V	V	4/5	80
Hee Teck Ming	V	V	V	V	V	5/5	100

Activities of the Audit Committee

During the financial year ended 30 June 2004, the Audit Committee, in discharging its functions and duties, had carried out the following activities:-

- i. Reviewed the internal audit reports;
- ii. Reviewed the quarterly results prior to the Board of Directors' approval for submission to Bursa Malaysia Securities Berhad;
- iii. Reviewed the audit plans for the Group; and
- iv. Discussed audit findings and reviewed audit report with the external auditor.

Internal Audit Function

The Group had outsourced its internal audit function to an independent party. It is the intention of the internal audit unit to provide the Audit Committee of the Company, with an independent assessment of the efficiency and adequacy of the internal control systems of the Group. This is done by reviewing and reporting on any material deviations and non-compliances of policies and control procedures implemented by management and the Board. The internal audit unit will also strive to recommend sound and practical improvement to management on existing control system wherever necessary after conducting an audit of the various department and operational systems, so as to safeguard the assets of the Company.

During the financial year ended 30 June 2004, the Internal Auditors conducted audit on risk management and interviewed the line managers to mitigate the Group's risk exposure.

Corporate Governance Statement

Introduction

The Board of Directors ("the Board") of Artwright Holdings Berhad ("the Company") is committed to ensuring the highest standards of Corporate Governance are practiced throughout the organisation as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and financial performance of the Company. Currently, the Board is working towards ensuring full application of all principles in the Malaysian Code on Corporate Governance ("the Code") and is also committed to ensuring compliance with the best practices as recommended in the Code. This statement below details out the commitment of the Board towards good corporate governance principles set out in Part 1 of the Code and the extent to which it has applied and complied with the best practices set out in Part 2 of the Code throughout the financial year ended 30 June 2004.

BOARD OF DIRECTORS

The Board

The Company is led and managed by an experienced Board comprising members with wide range of experience in relevant fields such as manufacturing, marketing, merchandising, secretarial, finance, accounting, etc. Together the Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Company's business activities, which are vital to the success of the Group.

a) Board Composition

The Board consists of an Executive Chairman, a Group Managing Director, an Executive Director, two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The roles of the Chairman of the Board and Managing Director are segregated.

The two (2) Independent Non-Executive Directors of the Company who form one-third (1/3) of the Board provide the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

b) Board Responsibilities

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the Executive Directors are aware and are responsible for meeting. The Board had an understanding of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval for major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

c) Supply of Information

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Group Managing Director and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations by the management. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors whether as a full board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary and to obtain independent professional advice, whenever necessary, at the expense of the Group.

d) Board Meetings

There were five (5) Board of Directors' Meetings held during the financial year ended 30 June 2004. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows:-

Directors	Dates of Board of Directors' Meetings held during the financial year					Total meetings attended	Percentage of Attendance (%)
	27/08/03	30/10/03	21/11/03	24/02/04	24/05/04		
Mirzan Bin Mahathir	V	V	V	X	V	4/5	80
Yong Yoke Keong	V	V	V	V	V	5/5	100
Yong Chew Keat	V	V	V	V	V	5/5	100
Tan Seng Kee	V	V	X	V	V	4/5	80
Hee Teck Ming	V	V	V	V	V	5/5	100
Dato' Ong Kim Hoay	V	V	V	V	V	5/5	100

e) Appointment to the Board

A Nomination Committee has been established by the Board comprising wholly Non-Executive Directors, the majority of whom are independent, as follows:-

Dato' Ong Kim Hoay	(Chairman, Independent Non-Executive Director)
Hee Teck Ming	(Member, Independent Non-Executive Director)
Tan Seng Kee	(Member, Non-Independent Non-Executive Director)

Corporate Governance Statement (Cont'd)

The Committee is generally responsible to:-

- (i) assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- (ii) assess the size of the Board and review the mix of skills and experience and other qualities of the Board members required for the Board to function completely and efficiently.
- (iii) assess and recommend new nominees for appointment to the Board for the Board's final decision-making.

The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

The Nomination Committee met once during the financial year ended 30 June 2004 to review the structures and effectiveness of the Board and to deliberate on the re-election of the Directors at the Annual General Meeting of the Company.

f) Re-election

In accordance with the provisions of the Articles of Association of the Company, one-third (1/3) of the Board of Directors for the time being or if their number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting and shall be eligible for re-election.

g) Directors' Training

All the Directors have attended and completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia (RIIAM).

In line with the Listing Requirements of Bursa Malaysia Securities Berhad, the Directors will continue to attend the Directors' Continuing Education Programme to enhance their skills and knowledge where relevant.

h) Directors' Remuneration

A Remuneration Committee has been established by the Board comprising wholly Non-Executive Directors, the majority of whom are independent, as follows:-

Dato' Ong Kim Hoay	(Chairman, Independent Non-Executive Director)
Hee Teck Ming	(Member, Independent Non-Executive Director)
Tan Seng Kee	(Member, Non-Independent Non-Executive Director)

The Remuneration Committee shall ensure that the levels of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the executive directors. In the case of non-executive directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the non-executive directors concerned.

Details of Directors' remuneration for the financial year ended 30 June 2004 are set out below:

Group	Fees RM'000	Salaries and Emoluments RM'000	Bonus and Red Packet RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors	24	436	-	15	475
Non-Executive Directors	48	-	-	-	48

The number of Directors whose total remuneration falls within the respective bands are as follows:

	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	3	-
	3	3

SHAREHOLDERS

a) Dialogue with Investors

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:

- (i) the Annual Report; and
- (ii) the various disclosures and announcements made to Bursa Malaysia Securities Berhad including the Quarterly Results and Annual Results.

Corporate Governance Statement (Cont'd)

b) General Meetings

The Company's Annual General Meeting serves as a principle forum for dialogue with shareholders. Extraordinary General Meetings is held as and when required.

ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors prior to the submission to Bursa Malaysia Securities Berhad.

b) Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 30 June 2004

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2004, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

c) Internal Control

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines. The Statement on Internal Control is set out on page 12 of this Annual Report.

d) Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee met with the external auditors to discuss their audit plan, audit findings and the financial statements.

OTHER INFORMATION

a) Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 30 June 2004 involving the Directors' and/or major shareholders' interest.

b) Sanctions and / or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies.

c) Utilisation of Proceeds

Proposal	Proceeds (RM)	Utilisation (RM)	Balance (RM)
Private Placement of 4,350,000 ordinary shares of RM1.00 each at an issue price of RM1.00 per share	4,350,000	4,350,000	-

d) Statement on Revaluation Policy

The Group has not adopted a policy of regular revaluation on the Group's landed property.

e) Non-Audit Fees

There were no non-audit fees paid to the external auditors for the year ended 30 June 2004.

f) Securities Commission Conditions Imposed on Artwright

The Securities Commission ("SC") has, vide its letter dated 1 October 2004, granted an extension of time of one (1) year up to 28 January 2005 to comply with the following conditions, which are in relation to the Company's proposed restructuring scheme that had been approved by the SC earlier, vide its letter dated 28 January 2002:-

- i) As set out in Paragraph 11.12 of the SC's Policies and Guidelines on Issue / Offer of Securities (previous guidelines prior to the Revised Edition 1 April 2003) ("SC Issues Guidelines"), listings for companies involved in the trading activities is only allowed on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE" and now known as "Bursa Malaysia Securities Berhad"). Pursuant thereto, the Company is required to fully comply with the requirements of Paragraph 11.12 of the SC Issue Guidelines or conduct its core business which has been approved for a listing on the Second Board of the KLSE within a period of two (2) years from the date of SC's approval letter dated 28 January 2002.

Corporate Governance Statement (Cont'd)

- ii) Artwright is required to eliminate the accumulated losses of the Artwright Group within 2 1/2 years from the date of the SC's letter of approval dated 28 January 2002.

In compliance with paragraph (i) above, the Board of Directors has instructed the management of Artwright ("Management") to look for a manufacturer that the Group could invest in. Since then, the Management has evaluated the potential to invest into several companies that are in fairly similar business as Artwright and pursuant thereto, the Management has also initiated discussions with the management of these companies on the possibilities of collaboration or investment. To date, the final terms of the possible collaboration or investment have yet to be finalised for a recommendation to the Board of Directors of Artwright.

Further, Artwright had, on 29 October 2004, submitted an appeal for extension of time of up to 28 January 2006 to comply with the aforementioned conditions.

STATEMENT ON INTERNAL CONTROL

a) Responsibility

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

b) Key Processes

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements.

c) Internal Audit Function

The Group had outsourced its internal audit function to an independent party who assists the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing an independent, objective assurance and advisory services that add value and improve the operations by:

- ensuring existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring adequacy and effectiveness of internal control systems for safeguarding of assets, providing consistent, accurate financial and operational data;
- promoting risk awareness and the value and nature of an effective internal control system;
- ensuring compliance with laws, regulations, corporate policies and procedures; and
- assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the effectiveness of risk management, control and governance processes within the companies' operations.

The internal audit function has focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee. Please refer to the Audit Committee Report as set out on pages 7 and 8.

d) Internal Control System

The key elements of the Group's internal control system are described below:

- Organisation structure with clearly defined delegation of responsibilities to the Committees of the Board.
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- Regular information are provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports such as monthly management accounts and cash flow statements;
- Budgeting and forecasting system governed by Group's policy;
- Audit Committee holds regular meetings with management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management; and
- Proper approval by the Board on capital expenditure.

There are no material losses incurred during the financial year as a result of weaknesses in internal control. The management will continue to take adequate measures to strengthen the control environment in which the Group operates.

Statement made in accordance with the resolution of the Board of Directors dated 29 September 2004.

FINANCIAL STATEMENTS

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Director's Report

The directors of **ARTWRIGHT HOLDINGS BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended June 30, 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the subsidiary companies are set out in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit/(Loss) before tax	4,023,678	(1,513,685)
Income tax expense	(575,263)	-
	<hr/>	<hr/>
Profit/(Loss) after tax	3,448,415	(1,513,685)
Minority interests	(30,186)	-
	<hr/>	<hr/>
Net profit/(loss) for the year	<u>3,418,229</u>	<u>(1,513,685)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid up share capital of the Company was increased from 23,236,254 ordinary shares of RM1 each to 40,789,657 ordinary shares of RM1 each by way of:

- (i) a bonus issue of 12,083,300 new ordinary shares of RM1 each through the capitalisation of RM12,083,300 from the share premium account on the basis of one new ordinary share for every two existing ordinary shares of RM1 each held;
- (ii) a private placement of 4,350,000 new ordinary shares of RM1 each with up to 4,350,000 free detachable warrants on the basis of one Placement Share with one Warrant; and
- (iii) a conversion of RM2,262,307 nominal value of 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 into 930,346 and 189,757 new ordinary shares of RM1 each at a conversion price of RM2.14 and RM1.43 per share, respectively.

The resulting share premium from the above conversion of ICULS amounting to RM1,142,204 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company except that these shares are not entitled to any dividends, rights, allotments and/or distributions prior to the allotment of the new shares.

The Company has not issued any debentures during the financial year.

Director's Report (Cont'd)

EMPLOYEES SHARE OPTION SCHEME

Pursuant to the Company's Employees Share Option Scheme (ESOS) which became effective on June 10, 2002 and shall expire on June 9, 2007, the granting and exercise of options to subscribe up to ten per centum (10%) of the issued and paid-up share capital of the Company are made available to eligible directors and employees of the Group.

The salient features of the ESOS are as follows:

- (i) eligible employees are those who have been confirmed in writing as employees of the Group and be at least eighteen (18) years of age at the date of offer;
- (ii) the option is personal to the grantee and is non-assignable;
- (iii) the option price shall be determined by the Board upon the recommendation of the ESOS Committee which may be at a discount of not more than ten per centum (10%) or the weighted average market price of the shares of the Company for the five market days immediately preceding the date of the offer or the par value of the shares of the Company, whichever is higher;
- (iv) the options granted may be exercised at anytime within a period of five (5) years from the date of offer; and
- (v) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiple of one thousand option shares.

Consequential to the Company's bonus issue since the granting of the ESOS on June 10, 2002, the number and exercise price of the then unexercised ESOS have been adjusted pursuant to Bye-Law 16 of the ESOS Bye-Law as follows:

Year	Condition for adjustment	Number of ESOS		Option Price	
		Adjusted from	to	Adjusted from	to
2004	Bonus issue	1,433,000	2,149,500	RM1.25	RM1.00

The movements in the options to take up unissued ordinary shares of RM1 each are as follows:

Exercise Price	Balance at 1.7.2003	Adjustment for Bonus Issue	Forfeited	Balance at 30.6.2004
RM1.00	1,523,000	716,500	(90,000)	2,149,500

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

Director's Report (Cont'd)

- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Yong Yoke Keong
 Yong Chew Keat
 Mirzan bin Mahathir
 Tan Seng Kee
 Hee Teck Ming
 Dato' Ong Kim Hoay

In accordance with Article 85 of the Company's Articles of Association, Mr. Tan Seng Kee and Mr. Hee Teck Ming retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dato' Ong Kim Hoay who has attained the age of 70 years retires at the forthcoming Annual General Meeting pursuant to Section 129(2) of the Companies Act, 1965 and a separate resolution will be proposed for his re-appointment as director to hold office until the next Annual General Meeting of the Company.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1 each			Balance at 30.6.2004
	Balance at 1.7.2003	Bought	Sold	
Shares in the Company Registered in name of director				
Direct interest				
Yong Yoke Keong	6,766,846	3,383,423	-	10,150,269
Yong Chew Keat	1,953,180	976,590	-	2,929,770
Tan Seng Kee	8,000	4,000	-	12,000
Hee Teck Ming	1,000	500	-	1,500
Indirect interest				
Mirzan bin Mahathir	2,196,480	1,098,240	-	3,294,720

Director's Report (Cont'd)

In addition to the above, the following directors are deemed to have interest in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company implemented on June 10, 2002:

Number of options over ordinary shares of RM1 each

	Balance at 1.7.2003	Adjustment for Bonus Issue	Exercised	Balance at 30.6.2004
Yong Yoke Keong	218,000	109,000	-	327,000
Yong Chew Keat	218,000	109,000	-	327,000
Mirzan bin Mahathir	170,000	85,000	-	255,000

By virtue of their direct and indirect shareholdings and share options in the Company, the directors are deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors holding office at the end of the financial year had any interest or beneficial interest in the shares of the Company or its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for professional fees amounting to RM28,505 payable to a firm in which one of the Company's directors is also a member and any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company were also directors and/or had substantial financial interests as disclosed in Note 20 to the Financial Statements.

Except for the share options granted under the ESOS, neither during nor at the end of the financial year, was the Company a party to any arrangement with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the directors,

YONG YOKE KEONG

YONG CHEW KEAT

Kuala Lumpur,
September 29, 2004

Report of the Auditors to the Members of Artwright Holdings Berhad

We have audited the accompanying balance sheets as of June 30, 2004 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of June 30, 2004 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

Our auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

HIEW KIM TIAM
1717/08/05 (J)
Partner

September 29, 2004

Income Statements

for the Year Ended June 30, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	4	49,714,445	26,065,247	-	-
Other operating income	5	113,871	1,760,997	-	-
Purchase of trading merchandise		(35,714,809)	(21,156,433)	-	-
Changes in trading merchandise		1,064,288	1,980,573	-	-
Directors' remuneration	6	(674,493)	(634,517)	(72,000)	(72,000)
Staff costs	5	(3,010,984)	(3,236,105)	-	-
Depreciation of property, plant and equipment	11	(1,148,037)	(1,250,863)	-	-
Amortisation of intangible assets		(665,875)	(728,223)	-	-
Amortisation of goodwill	12	(209,096)	(209,096)	-	-
Other operating expenses	5	(5,703,009)	(8,955,930)	(338,640)	(186,912)
Profit/(Loss) from operations		3,766,301	(6,364,350)	(410,640)	(258,912)
Finance costs	7	(1,827,290)	(1,708,318)	(1,104,290)	(1,059,844)
Income from other investment	8	3,149	39,570	1,245	-
Share of profit/(loss) of associated company		2,081,518	(523,465)	-	-
Profit/(Loss) before tax		4,023,678	(8,556,563)	(1,513,685)	(1,318,756)
Income tax expense: The Company and its subsidiary companies	9	(20,441)	(7,216)	-	-
Share of tax of associated company		(554,822)	(117,500)	-	-
		(575,263)	(124,716)	-	-
Profit/(Loss) after tax		3,448,415	(8,681,279)	(1,513,685)	(1,318,756)
Minority interests		(30,186)	(8,767)	-	-
Net profit/(loss) for the year		3,418,229	(8,690,046)	(1,513,685)	(1,318,756)
Earnings/(Loss) per ordinary share (sen)					
Basic	10	9.42	(24.60)		
Fully diluted	10	8.72	N/A		

The accompanying Notes form an integral part of the Financial Statements.

Balance Sheets

as of June 30, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
ASSETS					
Property, plant and equipment	11	5,064,821	5,658,115	-	-
Goodwill on consolidation	12	2,930,554	3,139,650	-	-
Investment in subsidiary companies	13	-	-	41,420,922	35,695,922
Investment in associated company	14	17,067,837	15,541,141	16,625,000	16,625,000
Other investments	15	26,000	28,000	-	-
Intangible assets	16	1,863,727	1,940,402	-	-
Current Assets					
Inventories	17	7,605,949	7,092,499	-	-
Trade receivables	18	22,563,329	13,684,794	-	-
Other receivables and prepaid expenses	19	3,181,561	3,494,065	32,431	74,081
Amount owing by subsidiary companies	20	-	-	8,250,744	7,501,962
Fixed deposits, cash and bank balances	21	1,736,674	3,217,839	1,129,279	2,111,048
		<u>35,087,513</u>	<u>27,489,197</u>	<u>9,412,454</u>	<u>9,687,091</u>
Current Liabilities					
Trade payables	22	2,150,860	1,465,925	-	-
Other payables and accrued expenses	20&22	4,152,280	4,351,440	246,166	459,942
Amount owing to subsidiary companies	20	-	-	4,279,490	1,079,375
Amount owing to associated company	20	11,170,021	9,818,114	-	-
Amount owing to directors	23	106,502	72,002	106,502	72,002
Bank borrowings	24	376,022	174,530	203,130	-
Hire-purchase payables - current portion	25	152,152	155,820	-	-
Lease payables - current portion	26	10,340	12,225	-	-
Long-term loans - current portion	27	3,472,727	1,202,416	-	-
Tax liabilities		16,796	8,200	-	-
		<u>21,607,700</u>	<u>17,260,672</u>	<u>4,835,288</u>	<u>1,611,319</u>
Net Current Assets		13,479,813	10,228,525	4,577,166	8,075,772
Long-Term and Deferred Liabilities					
Hire-purchase payables - non-current portion	25	(48,965)	-	-	-
Lease payables - non-current portion	26	-	(8,150)	-	-
Long-term loans - non-current portion	27	(21,093,361)	(24,428,751)	(16,625,000)	(16,625,000)
Deferred tax liabilities	28	(4,700)	(1,700)	-	-
		<u>(21,147,026)</u>	<u>(24,438,601)</u>	<u>(16,625,000)</u>	<u>(16,625,000)</u>
Minority interests		(119,678)	(89,492)	-	-
Net Assets		<u>19,166,048</u>	<u>12,007,740</u>	<u>45,998,088</u>	<u>43,771,694</u>

Balance Sheets (Cont'd)

as of June 30, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Represented by:					
Issued capital	29	40,789,657	23,236,254	40,789,657	23,236,254
Reserves	30	(30,866,764)	(22,733,976)	(4,034,724)	9,029,978
Irredeemable Convertible Unsecured Loan Stocks	31	9,243,155	11,505,462	9,243,155	11,505,462
Shareholders' Equity		<u>19,166,048</u>	<u>12,007,740</u>	<u>45,998,088</u>	<u>43,771,694</u>

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity

for the Year Ended June 30, 2004

The Group		Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non- distributable Reserve Share Premium RM	Accumulated Loss RM	Total RM
	Note					
Balance as of July 1, 2002		23,236,254	11,505,462	11,868,292	(25,279,564)	21,330,444
Net loss for the year		-	-	-	(8,690,046)	(8,690,046)
Interest on ICULS		-	-	-	(632,658)	(632,658)
Balance as of June 30, 2003		23,236,254	11,505,462	11,868,292	(34,602,268)	12,007,740
Net profit for the year		-	-	-	3,418,229	3,418,229
Issue of shares:						
Bonus issue	29	12,083,300	-	(12,083,300)	-	-
Conversion of ICULS	29	1,120,103	(2,262,307)	1,142,204	-	-
Private placement of ordinary shares	29	4,350,000	-	-	-	4,350,000
Share issue expenses		-	-	(42,000)	-	(42,000)
Interest on ICULS		-	-	-	(567,921)	(567,921)
Balance as of June 30, 2004		40,789,657	9,243,155	885,196	(31,751,960)	19,166,048

The Company		Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non- distributable Reserve Share Premium RM	Accumulated Loss RM	Total RM
	Note					
Balance as of July 1, 2002		23,236,254	11,505,462	11,868,292	(886,900)	45,723,108
Net loss for the year		-	-	-	(1,318,756)	(1,318,756)
Interest on ICULS		-	-	-	(632,658)	(632,658)
Balance as of June 30, 2003		23,236,254	11,505,462	11,868,292	(2,838,314)	43,771,694
Net loss for the year		-	-	-	(1,513,685)	(1,513,685)
Issue of shares:						
Bonus issue	29	12,083,300	-	(12,083,300)	-	-
Conversion of ICULS	29	1,120,103	(2,262,307)	1,142,204	-	-
Private placement of ordinary shares	29	4,350,000	-	-	-	4,350,000
Share issue expenses		-	-	(42,000)	-	(42,000)
Interest on ICULS		-	-	-	(567,921)	(567,921)
Balance as of June 30, 2004		40,789,657	9,243,155	885,196	(4,919,920)	45,998,088

The accompanying Notes form an integral part of the Financial Statements.

Cash Flow Statements

for the Year Ended June 30, 2004

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	4,023,678	(8,556,563)	(1,513,685)	(1,318,756)
Adjustments for:				
Finance costs	1,827,290	1,708,318	1,104,290	1,059,844
Depreciation of property, plant and equipment	1,148,037	1,250,863	-	-
Amortisation of intangible assets	665,875	728,223	-	-
Allowance for inventory obsolescence	600,000	-	-	-
Allowance for doubtful debts	314,531	39,237	-	-
Amortisation of goodwill	209,096	209,096	-	-
Property, plant and equipment written off	25,308	-	-	-
Bad debts written off	7,976	20,833	-	-
Share of profit/(loss) of associated company	(2,081,518)	523,465	-	-
Gain on disposal of property, plant and equipment	(82,293)	(305,110)	-	-
Unrealised gain on foreign exchange	(5,387)	-	-	-
Interest income	(3,149)	(39,570)	(1,245)	-
Allowance for inventory obsolescence no longer required	-	(963,645)	-	-
Waiver of interest on late payment	-	(209,958)	-	-
Rental payable waived	-	(92,977)	-	-
Operating Profit/(Loss) Before Working Capital Changes	6,649,444	(5,687,788)	(410,640)	(258,912)
(Increase)/Decrease in:				
Inventories	(1,113,450)	(1,756,243)	-	-
Trade receivables	(9,201,042)	(964,307)	-	-
Other receivables and prepaid expenses	99,405	807,063	41,650	(42,000)
Amount owing by subsidiary companies	-	-	(748,782)	3,332,910
Fixed deposits with licensed banks	(984,734)	-	(984,734)	-
Increase/(Decrease) in:				
Trade payables	690,322	(2,496,047)	-	-
Other payables and accrued expenses	(199,160)	(968,798)	(213,776)	(358,073)
Amount owing to subsidiary companies	-	-	3,200,115	(67,052)
Amount owing to associated company	1,351,907	6,831,076	-	-
Amount owing to directors	34,500	(171,000)	34,500	(171,000)

Cash Flow Statements (Cont'd)

for the Year Ended June 30, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Cash Generated From/(Used In)					
Operations		(2,672,808)	(4,406,044)	918,333	2,435,873
Additions to intangible assets		(589,200)	(667,486)	-	-
Income tax paid		(8,845)	(2,316)	-	-
Income Tax Refunded		213,099	-	-	-
Interest income		3,149	39,570	1,245	-
Net Cash From/(Used In) Operating Activities		(3,054,605)	(5,036,276)	919,578	2,435,873
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		91,568	316,000	-	-
Proceeds from disposal of other investments		2,000	-	-	-
Purchase of property, plant and equipment *		(517,626)	(670,442)	-	-
Increase in investment in subsidiary companies		-	-	(5,725,000)	-
Net Cash Used In Investing Activities		(424,058)	(354,442)	(5,725,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in bank borrowings (excluding bank overdrafts)		203,130	-	203,130	-
Proceeds/(Repayment) of long-term loans		(1,065,079)	2,166,668	-	-
Finance costs paid		(1,827,290)	(1,016,045)	(1,104,290)	(602,132)
Interest on ICULS paid		(567,921)	(632,658)	(567,921)	-
Share issue expenses		(42,000)	-	(42,000)	-
Proceeds from issue of shares		4,350,000	-	4,350,000	-
Payment of hire-purchase payables		(26,403)	(28,169)	-	-
Payment of lease payables		(10,035)	(4,075)	-	-
Net Cash From/(Used In) Financing Activities		1,014,402	485,721	2,838,919	(602,132)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2,464,261)	(4,904,997)	(1,966,503)	1,833,741
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,043,309	7,948,306	2,111,048	277,307
CASH AND CASH EQUIVALENTS AT END OF YEAR	32	579,048	3,043,309	144,545	2,111,048

* During the financial year, the Group acquired property, plant and equipment of RM589,326 (2003 : RM694,892) of which RM71,700 (2003 : RM Nil) and RM Nil (2003 : RM24,450) was acquired by way of hire-purchase arrangement and of finance lease arrangement respectively. Cash payment for the property, plant and equipment amounted to RM517,626 (2003 : RM670,442).

The accompanying Notes form an integral part of the Financial Statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiary companies are set out in Note 13.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

The total number of employees of the Group and of the Company as at year end were 68 (2003 : 86) and Nil (2003 : Nil) respectively.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at 17, Jalan Puchong 22 KM, 47100 Puchong, Selangor Darul Ehsan.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on September 29, 2004.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

Revenue

Revenue of the Group represents gross invoiced value of goods sold less returns and discounts.

Revenue of the Company represents gross dividend received and/or receivable from subsidiary companies.

Revenue is recognised on the following basis:

Gross invoiced value of goods sold - upon delivery of products and customer acceptance, net of discounts and returns and when the risks and rewards of ownership have passed to the buyer.

Dividend income - when the shareholder's right to receive payment is established.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or, where settlement has not yet taken place at the end of the financial year, at approximate exchange rates prevailing at that date. All gains or losses on foreign exchange are taken up in the income statements.

The principal closing rates used in conversion of foreign currency amounts are as follows:

	30.6.2004	30.6.2003
Foreign Currency	RM	RM
1 United States Dollar	3.80	3.80
1 Singapore Dollar	2.32	2.16
100 Japanese Yen	3.54	3.17
1 Euro	4.60	4.35
1 Australian Dollar	2.28	2.28

Notes to the Financial Statements (Cont'd)

Income Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

At each balance sheet date, the Group and Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group and Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will be available to allow the benefits of part or all of the deferred tax asset to be utilised.

Impairment of Assets

The carrying amounts of property, plant and equipment, investment in subsidiary companies and associated company and goodwill on consolidation are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognised in the income statement.

An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised as income immediately.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

A gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Depreciation of property, plant and equipment, other than freehold land which is not depreciated, is computed on the straight line method at rates calculated to write off the cost of the assets over their estimated useful lives. The annual rates used are as follows:

Warehouse, building and renovations	2% - 10%
Plant and machinery	10%
Tools, equipment and moulds	10%
Office and computer equipment, furniture and fittings and air-conditioners	10% - 20%
Motor vehicles	20%

Property, Plant and Equipment Acquired under Hire-Purchase

Property, plant and equipment acquired under hire-purchase arrangements are capitalised as property, plant and equipment and the corresponding obligations treated as liabilities in the financial statements. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase obligations.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets to the Group have been capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of minimum lease payments or the fair value of the leased assets at the beginning of the respective lease terms. Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Notes to the Financial Statements (Cont'd)

Basis of Consolidation

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The consolidated financial statements incorporate the audited financial statements of the Company and all its subsidiary companies controlled by the Company as disclosed in Note 13 made up to June 30, 2004.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions and balances are eliminated on consolidation.

Goodwill on Consolidation

Goodwill arising on consolidation which represents the excess of the Company's cost of investment over the fair values of the identifiable net assets acquired of the subsidiary companies at the date of acquisition, is amortised over twenty five years.

Investment in Subsidiary Companies

Investment in unquoted shares of the subsidiary companies, which are eliminated on consolidation, are stated at cost less impairment losses in the Company's financial statements.

Investment in Associated Company

An associated company is a non-subsubsidiary company in which the Group holds not less than 20% of the equity voting rights as long-term investment and in which the Group is in a position to exercise significant influence in its management.

Investment in associated company is stated at cost less impairment losses in the Company's financial statements. The Group's investment in associated company is accounted for under the equity method of accounting based on the management financial statements of the associated company made up to June 30, 2004. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

Other Investments

Other investments in quoted and unquoted shares are stated at cost, less impairment in the value of the investments to recognise any decline, other than a temporary decline in the value of the investments.

Intangible Assets

(i) Patents and trademarks

Patents and trademarks include registration fees and other professional expenses directly attributable to the cost of acquisition.

The costs of patents and trademarks are amortised, commencing in the year subsequent to the year in which the costs are incurred, on a straight line basis over a period of 5 years or the period of the legal right of the Company to the patents or trademarks, whichever is shorter.

(ii) Research and development costs

Research and development costs, which represents the cost of designing new or substantially improved products with commercial viability and for which there is a clear indication of the marketability of the products being developed, are capitalised and carried forward. Such costs are amortised over a period of 5 years in which benefits are expected to be derived commencing from the period in which the related sales are first made. Where projects are aborted or proven to be unsuccessful, the related costs are charged immediately to the income statements.

Notes to the Financial Statements (Cont'd)

The recoverable amount of research and development costs is assessed on a regular basis, including when there is an indication that the asset has been impaired or that the impairment losses recognised in previous years no longer exist.

Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average method for trading merchandise and standard cost which approximates actual cost for raw materials. The cost of trading merchandise and raw materials comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

In arriving at the net realisable value, due allowance is made for all obsolete and slow moving inventories.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

Employee Benefits

(a) Short-term benefits

Salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group. The short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences.

(b) Defined contribution plan

The Group makes statutory contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees. Both Group and their employees are required to make monthly contribution to EPF calculated at certain prescribed rates of the employees' salaries. The Group's contributions to EPF are disclosed separately while the employees' contributions to EPF are included under staff salaries.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

4. REVENUE

	The Group	
	2004 RM	2003 RM
Sales of drafting equipment, office furniture and specialised computer furniture	<u>49,714,445</u>	<u>26,065,247</u>

Notes to the Financial Statements (Cont'd)

5. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Gain on disposal of other property, plant and equipment	82,293	305,110	-	-
Recovery of bad debts written off in prior year	5,800	-	-	-
Unrealised gain on foreign exchange	5,387	-	-	-
Refund of interest on bank borrowings overpaid in prior years	257	231,662	-	-
Allowance for inventory obsolescence no longer required	-	963,645	-	-
Waiver of interest on late payment	-	209,958	-	-
Rental payable waived	-	92,977	-	-
Bad debts written off	(7,976)	(20,833)	-	-
Realised gain/(loss) on foreign exchange	(14,697)	77,050	-	-
Property, plant and equipment written off	(25,308)	-	-	-
Professional fee payable to a firm in which a director is also a member	(28,505)	(21,346)	-	-
Audit fee:				
Current year	(46,200)	(45,900)	(5,300)	(5,300)
Underprovision in prior year	(300)	-	-	-
Rental of premises	(53,100)	(54,800)	-	-
Allowance for doubtful debts	(314,531)	(39,237)	-	-
Allowance for inventory obsolescence	(600,000)	-	-	-
Hire of plant, equipment and machinery	-	(6,115)	-	-
Allowance for pricing variance (Note 20)	-	(3,500,000)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Staff cost include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF for the employees of the Group during the current financial year amounted to RM305,773 (2003 : RM284,484).

Notes to the Financial Statements (Cont'd)

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Company's directors				
Executive directors:				
Fees	24,000	91,000	24,000	24,000
Other emoluments	435,600	326,919	-	-
EPF contributions	52,272	56,321	-	-
	511,872	474,240	24,000	24,000
Non-executive directors:				
Fees	48,000	48,000	48,000	48,000
Other emoluments	24,000	24,000	-	-
EPF contributions	2,880	2,880	-	-
	74,880	74,880	48,000	48,000
Subsidiary companies' directors				
Executive directors:				
Fees	-	-	-	-
Other emoluments	80,387	77,316	-	-
EPF contributions	7,354	8,081	-	-
	87,741	85,397	-	-
Non-executive directors:				
Fees	-	-	-	-
Other emoluments	-	-	-	-
EPF contributions	-	-	-	-
	-	-	-	-
	<u>674,493</u>	<u>634,517</u>	<u>72,000</u>	<u>72,000</u>

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to approximately RM15,125 (2003 : RM15,125).

7. FINANCE COSTS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest on:				
Long-term loans	1,751,187	1,675,960	1,063,128	1,059,844
Trust receipts	41,162	-	41,162	-
Finance lease	14,694	313	-	-
Bank overdrafts	13,580	27,694	-	-
Others	5,245	-	-	-
Hire-purchase	1,422	4,351	-	-
	<u>1,827,290</u>	<u>1,708,318</u>	<u>1,104,290</u>	<u>1,059,844</u>

Notes to the Financial Statements (Cont'd)

8. INCOME FROM OTHER INVESTMENT

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest income on fixed deposits with licensed banks	3,149	39,570	1,245	-

9. INCOME TAX EXPENSE

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Estimated tax payable:				
Current year	16,000	8,200	-	-
Underprovision in prior years	1,441	1,316	-	-
	17,441	9,516	-	-
Deferred tax (Note 28)	3,000	(2,300)	-	-
	20,441	7,216	-	-
Share of tax of associated company	554,822	117,500	-	-
	575,263	124,716	-	-

The income tax expense for the year can be reconciled to the profit/(loss) before tax per income statement as follows:

	The Group	
	2004 RM	2003 RM
Profit/(Loss) before tax	4,023,678	(8,556,563)
Tax at applicable tax rate:		
20% on the first RM500,000 (2003 : RM100,000) of chargeable income	91,085	26,700
28% on the remaining chargeable income	475,422	(2,118,118)
Tax effects of non-deductible expenses	250,493	1,293,618
Realisation of deferred tax assets not recognised previously	(798,000)	-
Deferred tax assets not recognised	-	804,000
Share of tax of associated company	554,822	117,500
Underprovision in prior years	1,441	1,016
	575,263	124,716

Notes to the Financial Statements (Cont'd)

A subsidiary company of the Company was granted pioneer status for the manufacture of drafting equipment and specialised computer furniture under the Promotion of Investments Act, 1986 for a period of five years. The Ministry of International Trade and Industry (MITI) has approved the production day (commencement of the tax exemption period) as August 1, 1991. By virtue of the said subsidiary company's pioneer status, all profits earned for the pioneer products during the pioneer period are exempted from income tax. Based on existing tax law, any dividends declared and proposed out of such tax-exempt profits are also exempted from income tax in the hands of the shareholders.

As of June 30, 2004, the cumulative estimated tax-exempt income available arising from tax-exempt income claimed during the pioneer period by the said subsidiary company amounted to approximately RM33,017,000 (2003 : RM33,017,000) and is subject to approval by the Inland Revenue Board.

Also, the said subsidiary company claimed reinvestment allowances under Schedule 7A of the Income Tax Act, 1967 which when utilised will enable the said subsidiary company to distribute tax-exempt dividends to the shareholders. As of June 30, 2004, the cumulative reinvestment allowances claimed by the said subsidiary company totalled RM15,893,000 (2003 : RM15,893,000), which is still subject to agreement by the Inland Revenue Board, of which the full amount has been utilised to offset against business income in prior years.

10. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share is calculated based on the Group's net profit/(loss) attributable to shareholders of the Company divided by the weighted average number of ordinary shares in issue during the financial year as follows.

	The Group	
	2004 RM	2003 RM
Net profit/(loss) for the year	3,418,229	(8,690,046)
Number of ordinary shares at beginning of year	23,236,254	23,236,254
Effect of ordinary shares issued pursuant to:		
Bonus issue	12,083,300	12,083,300
Private placement of new ordinary shares	400,956	-
Conversion of 5.5% ICULS 2002/2007	568,539	-
Weighted average number of ordinary shares in issue	36,289,049	35,319,554
Basic earnings/(loss) per ordinary share (sen)	9.42	(24.60)

Notes to the Financial Statements (Cont'd)

(b) Fully diluted earnings per ordinary share

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 three categories of dilutive potential ordinary shares as follows:

- (i) Employees Share Option Scheme (ESOS);
- (ii) Warrants 2004/2014; and
- (iii) 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007

	The Group	
	2004 RM	2003 RM
Net profit/(loss) for the year	3,418,229	(8,690,046)
Adjusted for interest savings on 5.5% ICULS 2002/2007	568,298	570,636
Adjusted net profit/(loss) for the year	<u>3,986,527</u>	<u>(8,119,410)</u>
	The Group	
	2004 Units	2003 Units
Weighted average number of ordinary shares in issue	36,289,049	35,319,554
Adjusted for:		
ESOS	1,716,859	1,523,000
Warrants 2004/2014	488,971	-
5.5% ICULS 2002/2007	7,225,655	5,376,384
Adjusted weighted average number of ordinary shares in issue and issuable	<u>45,720,534</u>	<u>42,218,938</u>
Fully diluted earnings per ordinary share (sen)	<u>8.72</u>	<u>N/A</u>

The adjusted net profit of the Group has been arrived at after adding back interest on nominal amount of RM9,243,155 ICULS 2002/2007 deemed to be fully converted on the first day of the issue of the ICULS. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that all 5.5% ICULS 2002/2007 are converted to ordinary shares and dilutive share options are exercised at inception date.

Notes to the Financial Statements (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Balance at beginning of year	Additions	Disposals	Written off	Reclassification	Balance at end of year
Cost	RM	RM	RM	RM	RM	RM
Freehold land	412,500	-	-	-	-	412,500
Warehouse, building and renovations	2,166,683	14,475	-	(9,000)	-	2,172,158
Plant and machinery	19,649	-	-	-	-	19,649
Tools, equipment and moulds	3,517,916	53,900	-	-	-	3,571,816
Office and computer equipment, furniture and fittings and air-conditioners	12,385,258	415,251	(5,300)	(154,636)	-	12,640,573
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	102,149	-	-	-	-	102,149
Office and computer equipment, furniture and fittings and air-conditioners under lease	24,450	-	-	-	-	24,450
Motor vehicles	1,282,329	-	(167,899)	-	200,637	1,315,067
Motor vehicles under hire-purchase	477,056	105,700	(130,617)	-	(200,637)	251,502
Total	20,387,990	589,326	(303,816)	(163,636)	-	20,509,864

The Group	Balance at beginning of year	Charge for the year	Disposals	Written off	Reclassification	Balance at end of year
Accumulated Depreciation	RM	RM	RM	RM	RM	RM
Freehold land	-	-	-	-	-	-
Warehouse, building and renovations	696,816	92,166	-	(8,100)	-	780,882
Plant and machinery	2,049	1,965	-	-	-	4,014
Tools, equipment and moulds	2,204,894	297,111	-	-	-	2,502,005
Office and computer equipment, furniture and fittings and air-conditioners	10,039,125	710,636	(5,300)	(130,228)	-	10,614,233
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	69,178	6,115	-	-	-	75,293
Office and computer equipment, furniture and fittings and air-conditioners under lease	204	2,445	-	-	-	2,649
Motor vehicles	1,257,298	10,763	(158,625)	-	200,637	1,310,073
Motor vehicles under hire-purchase	460,311	26,836	(130,616)	-	(200,637)	155,894
Total	14,729,875	1,148,037	(294,541)	(138,328)	-	15,445,043

Notes to the Financial Statements (Cont'd)

	Net Book Value		Depreciation charge for
	2004 RM	2003 RM	2003 RM
Freehold land	412,500	412,500	-
Warehouse, building and renovations	1,391,276	1,469,867	82,784
Plant and machinery	15,635	17,600	1,965
Tools, equipment and moulds	1,069,811	1,313,022	290,459
Office and computer equipment, furniture and fittings and air-conditioners	2,026,340	2,346,133	762,838
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	26,856	32,971	10,215
Office and computer equipment, furniture and fittings and air-conditioners under lease	21,801	24,246	204
Motor vehicles	4,994	25,031	11,129
Motor vehicles under hire-purchase	95,608	16,745	91,269
Total	5,064,821	5,658,115	1,250,863

Included under property, plant and equipment of the Group as of June 30, 2004 are fully depreciated assets which are still in use, with costs totalling RM8,221,460 (2003 : RM3,779,534).

The freehold land and warehouse of the Group with a net book value of RM1,550,042 (2003 : RM1,581,362) are charged to certain local banks to secure termed-out and term loans as mentioned in Note 27.

12. GOODWILL ON CONSOLIDATION

	The Group	
	2004 RM	2003 RM
Goodwill at beginning of year	5,227,404	5,227,404
Cumulative amortisation at beginning of year	(2,087,754)	(1,878,658)
Current amortisation	(209,096)	(209,096)
Cumulative amortisation at end of year	(2,296,850)	(2,087,754)
	2,930,554	3,139,650

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2004 RM	2003 RM
Unquoted shares - At cost	<u>41,420,922</u>	<u>35,695,922</u>

During the financial year, a wholly-owned subsidiary company of the Company, Artwright Technology Sdn Bhd increased its issued and paid up share capital from RM4,275,000, comprising 4,275,000 ordinary shares of RM1 each to RM10,000,000 comprising 10,000,000 ordinary shares of RM1 each at par, which was fully subscribed by the Company.

As of June 30, 2004, the carrying value of the Company's investment in unquoted shares of subsidiary companies is in excess of the underlying net tangible assets backing by approximately RM24,000,000 (2003 : RM25,000,000). Considering the future prospects and profitability of the subsidiary companies, the directors are of the opinion that no permanent impairment in the value of investment has occurred and therefore no allowance for impairment losses is necessary or required to be made in the financial statements of the Company for the current financial year.

The details of the subsidiary companies, all incorporated in Malaysia, are as follows:

Subsidiary Company	Effective Equity Interest 2004 and 2003	Principal Activities
Artwright Technology Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products.
Artwright Marketing Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products
Artwright Manufacturing Sdn. Bhd.	100%	Dormant
Create Space Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products
Spacecom Marketing Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products
Prestigious Office Systems Sdn. Bhd.*	67%	Research and development of office interior markets and products and trading of office interior products
Persistem Sdn. Bhd.*	51%	Research and development of office interior markets and products and trading of office interior products

*Interest held through Artwright Marketing Sdn. Bhd.

Notes to the Financial Statements (Cont'd)

14. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares - At cost	16,625,000	16,625,000	16,625,000	16,625,000
Share of post-acquisition profit/(loss)	442,837	(1,083,859)	-	-
	<u>17,067,837</u>	<u>15,541,141</u>	<u>16,625,000</u>	<u>16,625,000</u>

The Group's interest in the associated company is analysed as follows:

	The Group	
	2004 RM	2003 RM
Share of net tangible assets	<u>17,067,837</u>	<u>15,541,141</u>

The details of the associated company which is incorporated in Malaysia are as follows:

Associated Company	Effective Equity Interest 2004 and 2003	Principal Activities
Steelcase Artwright Manufacturing Sdn. Bhd.	25%	Manufacturing, distributing and marketing of office equipment furniture and furnishing

The unquoted shares in the associated company are charged to the other shareholder of the associated company, Steelcase Inc., a company incorporated in the United States of America, as security for the term loan granted to the Company as mentioned in Note 27.

15. OTHER INVESTMENTS

	The Group	
	2004 RM	2003 RM
Quoted shares - At cost	1,000	3,000
Unquoted shares - At cost	50,000	50,000
Less: Allowance for diminution in value	(25,000)	(25,000)
	<u>25,000</u>	<u>25,000</u>
	<u>26,000</u>	<u>28,000</u>
Market value of quoted shares	<u>2,540</u>	<u>2,540</u>

Notes to the Financial Statements (Cont'd)

16. INTANGIBLE ASSETS

	The Group	
	2004 RM	2003 RM
Patents and trademarks	637,883	637,883
Less: Accumulated amortisation	(499,947)	(410,255)
	137,936	227,628
Research and development costs	4,259,926	3,670,726
Less: Accumulated amortisation	(2,534,135)	(1,957,952)
	1,725,791	1,712,774
	<u>1,863,727</u>	<u>1,940,402</u>

17. INVENTORIES

	The Group	
	2004 RM	2003 RM
At cost:		
Raw materials	2,377,112	2,327,950
Trading merchandise	7,398,736	6,334,448
	9,775,848	8,662,398
Less: Allowance for inventory obsolescence	(2,169,899)	(1,569,899)
	<u>7,605,949</u>	<u>7,092,499</u>

18. TRADE RECEIVABLES

	The Group	
	2004 RM	2003 RM
Trade receivables	24,851,517	15,658,451
Less: Allowance for doubtful debts	(2,288,188)	(1,973,657)
	<u>22,563,329</u>	<u>13,684,794</u>

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on trade receivables is normally 30 days (2003: 30 days) or contractual periods based on project contract sales. The Group's historical experience in collection of trade receivables falls within the recorded allowances and management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Analysis of foreign currency exposure profile of trade receivables is as follows:

	2004 RM	2003 RM
Ringgit Malaysia	21,420,040	14,609,926
Singapore Dollar	1,091,622	1,034,385
United States Dollar	2,339,855	14,140
	<u>24,851,517</u>	<u>15,658,451</u>

Notes to the Financial Statements (Cont'd)

19. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other receivables	2,394,279	1,853,323	-	-
Recoverable tax credits	169,771	245,530	32,431	32,081
Refundable deposits	330,564	1,315,090	-	-
Prepayments	286,947	80,122	-	42,000
	<u>3,181,561</u>	<u>3,494,065</u>	<u>32,431</u>	<u>74,081</u>

Other receivables arose mainly from amounts receivable from several financial institutions in respect of bank borrowings overpaid in prior years.

20. RELATED PARTY TRANSACTIONS AND BALANCES

Other than disclosed elsewhere in the financial statements, the related parties and their relationship with the Company as of June 30, 2004 are as follows:

Name of related parties	Relationship
Steelcase Artwright Manufacturing Sdn. Bhd.	An associated company of the Company
Steelcase Inc.	The ultimate holding company of Steelcase Artwright Manufacturing Sdn. Bhd.
Lee, Perara & Tan	A firm in which Mr. Tan Seng Kee, a director of the Company is a partner.

Amount owing by/(to) subsidiary companies arose mainly from management fees in previous years, advances and payments made on behalf. These amounts are unsecured, interest-free and have no fixed terms of repayment.

Amount owing to associated company arose mainly from trade transactions, net of payments made on behalf by a subsidiary company. This amount is unsecured, interest-free and is repayable within the credit terms of 30 days.

The financial statements of the Group reflect the following significant related party transactions during the financial year:

	The Group	
	2004 RM	2003 RM
Associated company		
Steelcase Artwright Manufacturing Sdn Bhd.		
Purchases of trading merchandise	17,162,662	19,605,292
Sales of trading merchandise	233,030	356,783
Allowance for pricing variance	-	3,500,000
	<u>17,395,692</u>	<u>20,262,075</u>
Other related party		
Lee, Perara & Tan		
Professional fee payable	28,505	21,346
	<u>28,505</u>	<u>21,346</u>

Notes to the Financial Statements (Cont'd)

The significant outstanding balances owing by/(to) subsidiary companies arising from non-trade transactions are as follows:

	The Company	
	2004 RM	2003 RM
Subsidiary companies		
Interest-free advances and expenses paid on behalf	3,866,352	6,538,797
Management fee receivable	104,903	104,903
	<u>3,971,255</u>	<u>6,643,700</u>

Included under the following accounts of the Group are significant outstanding balances arising from trade and non-trade transactions with the other related parties:

	The Group	
	2004 RM	2003 RM
Other payables and accrued expenses		
Steelcase Inc.	799,159	95,250
	<u>799,159</u>	<u>95,250</u>

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

21. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposits with licensed banks	984,734	2,188,577	984,734	2,104,510
Cash and bank balances	751,940	1,029,262	144,545	6,538
	<u>1,736,674</u>	<u>3,217,839</u>	<u>1,129,279</u>	<u>2,111,048</u>

Included in fixed deposits with licensed banks is an amount of RM984,734 (2003: RM Nil) pledged to a local licensed bank as security for credit facilities granted to the Company as mentioned in Note 24.

The above fixed deposits earn interest at rate 2.70% (2003 : 2.50%) per annum.

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade payables is 30 to 100 (2003 : 30 to 100 days).

Analysis of foreign currency exposure profile of trade payables is as follows:

	The Group	
	2004 RM	2003 RM
Ringgit Malaysia	2,132,387	1,419,103
Australian Dollar	18,473	32,315
Singapore Dollar	-	14,507
	<u>2,150,860</u>	<u>1,465,925</u>

Notes to the Financial Statements (Cont'd)

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	4,096,449	3,724,056	235,302	295,448
Accrued expenses	55,831	627,384	10,864	164,495
	<u>4,152,280</u>	<u>4,351,440</u>	<u>246,166</u>	<u>459,943</u>

Other payables of the Group in 2004 and 2003 comprise mainly of outstanding payroll liabilities payable, insurance expenses payable and freight expenses payable.

Accrued expenses of the Group and Company in 2004 and 2003 comprise mainly accrued loan interest.

23. AMOUNT OWING TO DIRECTORS

Amount owing to directors arose from fees payable to the directors of the Company.

24. BANK BORROWINGS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Bank overdrafts (Note 32)	172,892	174,530	-	-
Trust receipts	203,130	-	203,130	-
	<u>376,022</u>	<u>174,530</u>	<u>203,130</u>	<u>-</u>

The Company has credit facilities totalling RM2,000,000 (2003: RM Nil) obtained from a local bank. This facility is secured by a pledge against a fixed deposit of the Company as mentioned in Note 21.

A subsidiary company has bank overdrafts and other credit facilities totalling RM175,000 (2003: RM175,000) obtained from certain local banks. These facilities are guaranteed by certain directors of the subsidiary company and the Company.

The short-term borrowings of the Group and the Company bear interest at 2% (2003: 2%) per annum above the base lending rate.

The above bank borrowings utilised are denominated in Ringgit Malaysia.

25. HIRE-PURCHASE PAYABLES

	The Group	
	2004 RM	2003 RM
Total installments outstanding	211,883	155,820
Less: Interest-in-suspense	(10,766)	-
Principal outstanding	201,117	155,820
Less: Amount due within 12 months (shown under current liabilities)	(152,152)	(155,820)
Non-current portion	<u>48,965</u>	<u>-</u>

Notes to the Financial Statements (Cont'd)

The non-current portion is repayable as follows:

	The Group	
	2004 RM	2003 RM
Within 1 – 2 years	28,680	-
Within 2 – 5 years	20,285	-
	<u>48,965</u>	<u>-</u>

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term for the hire-purchase is about 3 to 5 years. The interest rate implicit to the hire-purchase obligations is 4.64% (2003 : 7.21% to 11.66%) per annum.

The Group's hire-purchase payables are secured by the financial institutions charge over the assets under hire-purchase.

26. LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2004 RM	2003 RM	2004 RM	2003 RM
Amount payable under finance lease:				
Within one year	10,340	13,164	10,340	12,225
Within two to five years	-	8,776	-	8,150
	<u>10,340</u>	<u>21,940</u>	<u>10,340</u>	<u>20,375</u>
Less: Future finance charges	-	(1,565)	N/A	N/A
Present value of lease payables	<u>10,340</u>	<u>20,375</u>	<u>10,340</u>	<u>20,375</u>
Less: Amount due within 12 months (shown under current liabilities)			<u>(10,340)</u>	<u>(12,225)</u>
Non-current portion			<u>-</u>	<u>8,150</u>

It is the Group's policy to lease certain of its property, plant and equipment under finance lease. The average term for finance lease is about 3 to 5 years.

27. LONG-TERM LOANS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Term-out loan	6,295,255	6,839,500	-	-
Term loans	1,645,833	2,166,667	-	-
Term loan from related party	16,625,000	16,625,000	16,625,000	16,625,000
Total principal outstanding	<u>24,566,088</u>	<u>25,631,167</u>	<u>16,625,000</u>	<u>16,625,000</u>
Less: Amount due within 12 months (shown under current liabilities)	<u>(3,472,727)</u>	<u>(1,202,416)</u>	<u>-</u>	<u>-</u>
Non-current portion	<u>21,093,361</u>	<u>24,428,751</u>	<u>16,625,000</u>	<u>16,625,000</u>

Notes to the Financial Statements (Cont'd)

The non-current portion is repayable as follows:

Financial years ending June 30,	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
2005	-	2,807,611	-	-
2006	2,807,611	2,807,611	-	-
2007	18,223,250	18,292,695	16,625,000	16,625,000
2008	62,500	458,334	-	-
2009	-	62,500	-	-
	<u>21,093,361</u>	<u>24,428,751</u>	<u>16,625,000</u>	<u>16,625,000</u>

Company

The Company's term loan amounting to RM16,625,000 which is obtained from Steelcase Inc., a company incorporated in the United States of America, for the purpose of the acquisition of 25% equity interest in an associated company as mentioned in Note 14, bears interest at 6.375% (2003 : 6.375%) per annum.

This term loan which is denominated in United States Dollar, is repayable in March 2007 and is secured by the charge of the Company's shares in the said associated company.

Subsidiary companies

Pursuant to the implementation and completion of the debt restructuring scheme in prior year, an amount of RM6,839,500 of term loans is termed-out. This termed-out loan bears interest at 1.00% above the base lending rate or 1.50% above the cost of funds per annum and is repayable in twelve (12) equal quarterly installments of RM569,958 each commencing in February 2004.

A subsidiary company has obtained additional long-term loans from two local banks which bear interest at rates ranging from 5.30% to 7.40% (2003 : 5.30% to 7.40%) per annum. These term loans are repayable in twenty (20) quarterly installments of RM208,333 and RM125,000 each commencing in August, 2003 and September, 2003 respectively.

Both the termed-out loan and term loans are secured by a first legal charge over the freehold land and warehouse of the said subsidiary company as mentioned in Note 11 and corporate guarantee from the Company.

All term loans obtained by the subsidiary companies are denominated in Ringgit Malaysia.

28. DEFERRED TAX LIABILITY

	The Group	
	2004 RM	2003 RM
Balance at beginning of year	1,700	4,000
Transfer from/(to) income statements (Note 9)	3,000	(2,300)
Balance at end of year	<u>4,700</u>	<u>1,700</u>

The deferred tax liability is in respect of the tax effects of the following:

	Deferred Tax Liability/(Asset) The Group	
	2004 RM	2003 RM
Temporary differences arising from property, plant and equipment	10,800	11,700
Others	(6,100)	(10,000)
Net deferred tax liability	<u>4,700</u>	<u>1,700</u>

Notes to the Financial Statements (Cont'd)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to net deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. As of June 30, 2004, the amount of net deferred tax assets, pertaining to the Company and certain subsidiary companies calculated at the current tax rate which has not been recognised in the financial statements due to uncertainty of its realisation, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax effects of:				
Temporary differences arising from:				
Property, plant and equipment	(420,400)	(129,700)	-	-
Inventories	613,700	450,000	-	-
Unused tax losses	14,186,700	14,857,700	671,000	406,400
Net deferred tax assets	<u>14,380,000</u>	<u>15,178,000</u>	<u>671,000</u>	<u>406,400</u>

The unused tax losses and unabsorbed capital allowances are subject to agreement by the Inland Revenue Board.

29. SHARE CAPITAL

	The Company	
	2004 RM	2003 RM
Authorised:		
1,000,000,000 ordinary shares of RM1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1 each:		
Balance at beginning of year	23,236,254	23,236,254
Issued during the year:		
Bonus issue	12,083,300	-
Conversion of 5.5% ICULS 2002/2007	1,120,103	-
Private placement of ordinary shares	4,350,000	-
Balance at end of year	<u>40,789,657</u>	<u>23,236,254</u>

- (a) During the financial year, the issued and fully paid up share capital of the Company was increased from 23,236,254 ordinary shares
- a bonus issue of 12,083,300 new ordinary shares of RM1 each through the capitalisation of RM12,083,300 from the share premium account on the basis of one new ordinary share for every two existing ordinary shares of RM1 each held;
 - a private placement of 4,350,000 new ordinary shares of RM1 each with up to 4,350,000 free detachable warrants on the basis of one Placement Share with one Warrant; and
 - a conversion of RM2,262,307 nominal value of 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 into 930,346 and 189,757 new ordinary shares of RM1 each at a conversion price of RM2.14 and RM1.43 per share, respectively.

The resulting share premium from the above conversion of ICULS amounting to RM1,142,204 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company except that these shares are not entitled to any dividends, rights, allotments and/or distributions prior to the allotment of the new shares.

Notes to the Financial Statements (Cont'd)

- (b) As of June 30, 2004, the outstanding Warrants 2004/2014 totalling RM4,350,000 (2003: RM Nil) have not been exercised.

The salient features of the Warrants are as follows:

- (i) The Warrants shall be issued in registered form and constituted by a Deed Poll to be executed by the Company. The Warrants, which are to be issued with the Placement Shares, are immediately detachable upon allotment and issue of the Placement Shares. The Warrants will be traded separately;
- (ii) Each Warrant carries the entitlement to subscribe for one new ordinary share, at the exercise price at any time during the exercise period, subject to the adjustments in accordance with the provisions of the Deed Poll, which is to be executed;
- (iii) The Warrants can be exercised at any time during the period of ten years commencing from and including the date of issue of the Warrants and up to and including the expiry date; and
- (iv) The exercise price shall be determined based on the Securities Commission Guidelines which stipulate that the exercise price can be set at a discount of not more than ten percent from the 5-day weighted average market price of the ordinary shares at a price-fixing date to be determined by the Board or at the par value of the ordinary shares of RM1 whichever is higher. The exercise price will be subject to adjustments in accordance with the terms and provisions of the Deed Poll and shall be satisfied wholly in cash.

The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing issued and fully paid-up ordinary shares except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.

30. RESERVES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable:				
Share premium	885,196	11,868,292	885,196	11,868,292
Accumulated loss	(31,751,960)	(34,602,268)	(4,919,920)	(2,838,314)
	<u>(30,886,764)</u>	<u>(22,733,976)</u>	<u>(4,034,724)</u>	<u>9,029,978</u>

Share premium

Share premium arose from issuance of shares and conversion of ICULS 2002/2007, net of bonus issue and issue expenses.

31. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	The Group and The Company	
	2004 RM	2003 RM
Balance at beginning of year	11,505,462	11,505,462
Conversion to share capital (Note 29)	(2,262,307)	-
Balance at end of year	<u>9,243,155</u>	<u>11,505,462</u>

Pursuant to the Trust Deed dated February 27, 2002 and the debt restructuring scheme as mentioned in 2002, the Company issued RM14,410,000 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 at a nominal value of RM1 each for the settlement of debts to the Group's unsecured creditors.

Notes to the Financial Statements (Cont'd)

As of June 30, 2004, 5,166,845 (2003 : 2,904,538) ICULS 2002/2007 have been converted into 2,477,363 (2003: 1,357,260) new ordinary shares of RM1 each.

The salient features of the ICULS 2002/2007 are as follows:

- (a) The ICULS 2002/2007 bear interest at 5.5% per annum and is payable semi-annually on June 30 and December 31 of each year;
- (b) The ICULS 2002/2007 are convertible into new ordinary shares on the basis of one new ordinary share of RM1 each for every RM1.43 nominal amount of ICULS 2002/2007 with effect from February 6, 2004;
- (c) All new ordinary shares issued upon conversion of the ICULS 2002/2007 shall rank pari passu with the existing ordinary shares of the Company except that these shares are not entitled to any dividends, rights, allotments and/or distributions prior to the allotment of the new shares;
- (d) The ICULS 2002/2007 are for a period of five (5) years maturing on March 5, 2007; and
- (e) Unless previously converted, all outstanding ICULS 2002/2007 will be mandatorily converted into new ordinary shares of RM1 each at the conversion price on the maturity date.

The directors of the Company are of the opinion that the possibility is remote that a default condition could arise and result in the ICULS being required to be settled in cash. Accordingly, with the adoption of MASB 24 - Financial Instruments: Disclosure and Presentation, the ICULS have been recognised and presented in the balance sheet of the Group and of the Company as an equity instrument.

32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash and bank balances	751,940	1,029,262	144,545	6,538
Fixed deposits with licensed banks	984,734	2,188,577	984,734	2,104,510
Bank overdrafts (Note 24)	(172,892)	(174,530)	-	-
	<u>1,563,782</u>	<u>3,043,309</u>	<u>1,129,279</u>	<u>2,111,048</u>
Less: Non cash and cash equivalents				
Fixed deposits with licensed banks (Note 21)	(984,734)	-	(984,734)	-
	<u>579,048</u>	<u>3,043,309</u>	<u>144,545</u>	<u>2,111,048</u>

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

(i) Foreign currency risk

The Group has undertaken trade transactions with its foreign customers/suppliers, operating outside of Malaysia, where the amounts owing by/(to) are exposed to currency translation risks as disclosed in Notes 18 and 22.

Notes to the Financial Statements (Cont'd)

(ii) Interest rate risk

The Group's significant interest bearing financial assets and financial liabilities are mainly its deposit placements and also its long term debt obligation comprising of term loans. The deposit placements as at balance sheet date, which bears interest at 2.70% per annum, are short-term and therefore its exposure to the effects of future changes in prevailing level of interest rates is limited.

The term loans of the Group as of June 30, 2004 are fixed and floating rate financial liabilities as disclosed in Note 27.

(iii) Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group also ensures a large customer base so as to limit high credit concentration in a single customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of June 30, 2004, is the carrying amount of these receivables as disclosed in the balance sheet.

(iv) Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(v) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Fair values

The fair values of the financial assets and financial liabilities, other than term loans, reported in the balance sheet approximate the carrying amounts of those assets and liabilities because of the immediate or short-term maturity of these financial instruments, except as follows:

The Group

	2004		2003	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Lease payables	10,340	10,340	20,375	19,567
Term loans	24,566,080	18,786,380	25,631,167	19,464,045

The Company

	2004		2003	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Term loan	16,625,000	11,314,696	16,625,000	11,315,696

The fair value of the finance lease payables of the Group is estimated using the discounted cash flow analysis based on the average effective interest rates of the Group's finance lease arrangements.

The fair value of the term loans of the Group and the Company is estimated using the discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

34. SEGMENTAL INFORMATION

The Group operates predominantly in Malaysia and is principally involved in the trading of drafting equipment, office furniture and specialised computer furniture. Accordingly, the directors are of the opinion that financial information by industry and geographical segment is not necessary to be presented.

Notes to the Financial Statements (Cont'd)

35. EMPLOYEES SHARE OPTION SCHEME

Pursuant to the Company's Employees Share Option Scheme (ESOS) which became effective on June 10, 2002 and shall expire on June 9, 2007, the granting and exercise of options to subscribe up to ten per centum (10%) of the issued and paid up share capital of the Company are made available to eligible directors and employees of the Group.

The salient features of the ESOS are as follows:

- (i) eligible employees are those who have been confirmed in writing as employees of the Group at the date of the offer and be at least eighteen (18) years of age on the date of offer;
- (ii) the option is personal to the grantee and is non-assignable;
- (iii) the option price shall be determined by the Board upon the recommendation of the ESOS Committee which may be at a discount of not more than ten per centum (10%) to the weighted average market price of the shares of the Company for the five (5) market days immediately preceding the date of the offer or the par value of the shares of the Company, whichever is higher;
- (iv) the options granted may be exercised at anytime within a period of five (5) years from the date of offer; and
- (v) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of one thousand (1,000) option shares.

Consequential to the Company's bonus issues since the granting of the ESOS on June 10, 2002, the number and exercise price of the then unexercised ESOS have been adjusted pursuant to Bye-Law 16 of the ESOS Bye-Law as follows:

Year	Condition for adjustment	Number of ESOS		Option Price	
		Adjusted from	to	Adjusted from	to
2004	Bonus issue	1,433,000	2,149,500	RM1.25	RM1.00

The movements in the options to take up unissued ordinary shares of RM1 each are as follows:

Exercise Price	Balance at 1.7.2003	Adjustment for Bonus Issue	Forfeited	Balance at 30.6.2004
RM1.00	1,523,000	716,500	(90,000)	2,149,500

The forfeited ESOS arose mainly from the resignation of several employees of the Group which render their entitlement to the ESOS void as they are no longer employees of the Group.

36. PROFIT GUARANTEE

Pursuant to the listing of the Company on the Second Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) on May 21, 1996 and the subsequent revision of the profit guarantee agreement approved by the shareholders in an extraordinary general meeting on September 29, 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 June 30, 1998 to 2002. As at June 30, 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) as 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

Notes to the Financial Statements (Cont'd)

- (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 January 21, 2004, the Company had submitted the applications on the Proposed Settlement to the relevant authorities. Currently, the Company is waiting for the approvals from the relevant authorities for the Proposed Settlement.

37. CONTINGENT LIABILITIES

As of June 30, 2004, the Company has issued secured corporate guarantees to a local licensed bank for term loan facilities totalling RM812,500 (2003 : RM1,125,000) granted to a subsidiary company. Accordingly, the Company is contingently liable to the extent of term loan facilities utilised by the said subsidiary company.

38. SUBSEQUENT EVENTS

Subsequent to the financial year end, the issued and fully paid share capital of the Company was increased from 40,789,657 ordinary shares of RM1 each to 41,667,657 ordinary shares of RM1 each by way of a private placement of 878,000 new ordinary shares of RM1 each with up to 878,000 free detachable warrants on the basis of one Placement Share with one Warrant.

Statement by Directors

The directors of **ARTWRIGHT HOLDINGS BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of June 30, 2004 and of the results of the businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the directors,

YONG YOKE KEONG

YONG CHEW KEAT

Kuala Lumpur,
September 29, 2004

Declaration by the Director Primarily Responsible for the Financial Management of the Company

I, **YONG YOKE KEONG**, the director primarily responsible for the financial management of **ARTWRIGHT HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

YONG YOKE KEONG

Subscribed and solemnly declared by the abovenamed **YONG YOKE KEONG** at **KUALA LUMPUR** this 29th day of September, 2004.

Before me,

COMMISSIONER FOR OATHS

List of Properties

Location	Tenure	Description	Land Area (Sq. Ft.)	Net Book Value as at 30 June 2004 (RM'000)	Age of Building	Date of Acquisition
Lot 1835 Jalan Maktab 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	Industrial land erected with a factory building	53,088	1,550	17 years	31 March 1987

Statistics of Shareholdings As At 29 October 2004

Authorised Share Capital:	RM1,000,000,000.00
Issued and Fully Paid-up Capital:	RM41,698,914.00
Class of Shares:	Ordinary Shares of RM1.00 each
Voting Rights:	1 vote per Ordinary Share

Analysis of Shareholdings as at 29 October 2004

No. of Holders	Size of Holdings	Total Holdings	Percentage (%)
15	1 - 99	682	0.00
87	100 - 1,000	70,107	0.17
1,266	1,001 - 10,000	4,111,077	9.86
199	10,001 - 100,000	5,366,447	12.87
46	100,001 - 2,084,944 (*)	21,136,089	50.69
4	2,084,945 and above (**)	11,014,512	26.41
<u>1,617</u>		<u>41,698,914</u>	<u>100.00</u>

* Less than 5% of issued shares

** 5% and above of issued shares

Statistics of Shareholdings (Cont'd)

as at 29 October, 2004

Top 30 Shareholders as at 29 October 2004

No.	Name of Shareholders	Number of Shares Held	Percentage (%)
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AMBANK BERHAD FOR YONG YOKE KEONG</i>	3,864,000	9.27
2.	ISKANDAR HOLDINGS SDN BHD	2,513,280	6.03
3.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG (4966 JTRK)</i>	2,452,800	5.88
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG YOKE KEONG (STAKEHOLDERS)</i>	2,184,432	5.24
5.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG (01-00187-000)</i>	1,635,000	3.92
6.	PERMODALAN NASIONAL BERHAD	1,498,500	3.59
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG CHEW KEAT (STAKEHOLDERS)</i>	1,297,068	3.11
8.	HSBC NOMINEES (ASING) SDN BHD <i>HSBCIT (S) LTD FOR PHEIM-AIZAWA ASIA FUND</i>	1,092,900	2.62
9.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT (4966 JTRK)</i>	1,051,200	2.52
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ESPRIWASA SDN BHD (STAKEHOLDERS)</i>	994,560	2.39
11.	CHENG KWAI LAN	890,298	2.14
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ISKANDAR HOLDINGS SDN BHD (STAKEHOLDERS)</i>	781,440	1.87
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND</i>	752,000	1.80
14.	BUMIPUTRA-COMMERCE BANK BERHAD	693,348	1.66
15.	T-PROPS (MALAYSIA) SDN BHD	689,250	1.65
16.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR PHEIM EMERGING COMPANIES BALANCED FUND (4033)</i>	612,500	1.47
17.	THAVRON ASSOCIATES LIMITED	607,700	1.46
18.	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN</i>	602,550	1.45
19.	HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD</i>	500,000	1.20
20.	LEADER DEBUT SDN BHD	439,000	1.05
21.	TRIDENT TARGET SDN BHD	439,000	1.05
22.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN INVESTMENT MANAGEMENT SDN BHD FOR MALAYAN BANKING BERHAD (GRM-230592)</i>	402,951	0.97
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PHEIM ASSET MANAGEMENT SDN BHD FOR MAGNUM CORPORATION BHD</i>	400,000	0.96
24.	HSBC NOMINEES (ASING) SDN BHD <i>BGL FOR NPB SICAV</i>	350,000	0.84
25.	HSBC NOMINEES (ASING) SDN BHD <i>HSBC TRUSTEE (S) LTD FOR FIVECA HOLDINGS LIMITED</i>	340,000	0.82
26.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>PHEIM ASSET MANAGEMENT SDN BHD FOR PINTARAS JAYA BERHAD (00-10032-000)</i>	330,000	0.79
27.	LEMBAGA TABUNG HAJI	322,500	0.77

Statistics of Shareholdings (Cont'd)

as at 29 October, 2004

28.	ALLIANCEGROUP NOMINEES (ASING) SDN BHD HSBC TRUSTEE (S) LTD FOR THE VITTORIA FUND LTD	320,000	0.77
29.	YONG CHEW KEAT	304,500	0.73
30.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR LEE HAU HIAN (A/C 39-220047)	300,000	0.72

Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2002/2007 Analysis of ICULS Holdings as at 29 October 2004

No. of Holders	Size of Holdings	Total Holdings	Percentage (%)
3	1 - 99	173	0.00
95	100 - 1,000	91,900	1.00
59	1,001 - 10,000	300,224	3.26
25	10,001 - 100,000	701,380	7.63
1	100,001 - 459,921 (*)	110,000	1.20
3	459,922 and above (**)	7,994,778	86.91
186		9,198,455	100.00

* Less than 5% of issued ICULS

** 5% and above of issued ICULS

Top 30 ICULS Holders as at 29 October 2004

No.	Name of ICULS Holders	Number of ICULS Held	Percentage (%)
1.	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN INVESTMENT MANAGEMENT SDN BHD FOR MALAYAN BANKING BERHAD (GRM - 230592)	4,635,820	50.40
2.	PAB NOMINEE (TEMPATAN) SDN BHD AFFIN BANK BERHAD (LOAN RECOVERY)	1,931,706	21.00
3.	HLB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BERHAD (KLM/ATSB)	1,427,252	15.52
4.	TIAM SUEI CHONG	110,000	1.20
5.	TEOH BOON HAN @ TEONG BOON HONG	89,000	0.97
6.	CHOONG YAT CHIN @ CHONG YAT CHIN	75,000	0.82
7.	HEE CHAN WA	53,300	0.58
8.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN	49,000	0.53
9.	DAN YUEN YU	48,000	0.52
10.	PM NOMINEES (TEMPATAN) SDN BHD PCB ASSET MANAGEMENT SDN BHD FOR MARY TAN @ TAN HUI NGOH (SBAN)	47,900	0.52
11.	CHIEW LONG @ CHEW PUAN SWEE	28,000	0.30
12.	LEE CHENG NGOR	27,000	0.29
13.	TAN SIOK HWA	25,000	0.27
14.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR OXFORD GENIUS SDN BHD (A/C 073A-230704)	21,700	0.24
15.	DAN SU WEI	20,000	0.22
16.	HANG CHUA HWA	20,000	0.22
17.	LING SWEE ING	20,000	0.22
18.	LOW BENG YEN	20,000	0.22

Statistics of Shareholdings (Cont'd)

as at 29 October, 2004

19.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PHEIM ASSET MANAGEMENT SDN BHD FOR BENTA WAWASAN SDN BHD (A/C 95-230135)</i>	20,000	0.22
20.	TAN TIAN LYE	19,000	0.21
21.	WONG HEE KHIEK	17,080	0.19
22.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR OOI HEONG BENG (REM 108)</i>	15,000	0.16
23.	TEH CHIEW YOONG	14,600	0.16
24.	WONG SUWE LAN	14,000	0.15
25.	TING KONG SIIN	12,300	0.13
26.	ONG PEI BOON	12,000	0.13
27.	LAU MOO MOY @ LIEW SIEW LAN	11,800	0.13
28.	LEE WHYE KIT	11,000	0.12
29.	KOAY MOOI CHOON	10,700	0.12
30.	KOH AH KIM	10,000	0.11

Analysis of Warrants Holdings as at 29 October 2004

No. of Holders	Size of Holdings	Total Holdings	Percentage (%)
0	1 - 99	0	0.00
80	100 - 1,000	8,900	0.17
0	1,001 - 10,000	0	0.00
0	10,001 - 100,000	0	0.00
1	100,001 - 261,399 (*)	250,000	4.78
5	261,400 and above (**)	4,969,100	95.05
86		5,228,000	100.00

* Less than 5% of issued warrants

** 5% and above of issued warrants

Top 30 Warrants Holders as at 29 October 2004

No.	Name of Warrants Holders	Number of Warrants Held	Percentage (%)
1.	T-PROPS (MALAYSIA) SDN BHD	1,568,400	30.00
2.	LEADER DEBUT SDN BHD	1,139,000	21.79
3.	TRIDENT TARGET SDN BHD	1,139,000	21.79
4.	THAVRON ASSOCIATES LIMITED	631,600	12.08
5.	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN</i>	491,100	9.39
6.	THAVRON ASSOCIATES LIMITED	250,000	4.78
7.	CHOW HENG LIU	1,000	0.02
8.	ALBERT LEE WAY LEONG	100	0.00
9.	ANG YOOK CHU @ ANG YOKE FONG	100	0.00
10.	AW TAI-JAK	100	0.00
11.	BERNICE LOW SUE LYN	100	0.00
12.	CHIA AH MOY @ CHIA CHEE ENG	100	0.00
13.	CHIANG HENG GIN	100	0.00
14.	CHONG FATT CHOY	100	0.00
15.	CHONG KOK YUEN	100	0.00
16.	CHONG WAH PLASTICS SDN BHD	100	0.00
17.	CHONG WAI LING	100	0.00
18.	CHOO WOON KIET	100	0.00
19.	CHOY WEE HERNG	100	0.00

Statistics of Shareholdings (Cont'd)

as at 29 October, 2004

20. CHOY YOT FAH	100	0.00
21. CHUA YEE PING	100	0.00
22. FAREEA MA CH'ING	100	0.00
23. FOAM-PACKAGING INDUSTRIES SDN BHD	100	0.00
24. FOK LAI CHING	100	0.00
25. FONG YAW LAN	100	0.00
26. FOO SAY KEOW	100	0.00
27. HOOI MING WAH	100	0.00
28. JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE HONG LEONG</i>	100	0.00
29. JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR VOON JYE YNG</i>	100	0.00
30. JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM KOK WEI</i>	100	0.00

Directors' Shareholdings as per the Register of Directors' Shareholdings as at 29 October 2004

Name of Directors	Direct		Indirect	
	No. of Ordinary Shares held	%	No. of Ordinary Shares Held	%
Mirzan Mahathir	-	-	3,294,720 *	7.90
Yong Yoke Keong	10,150,269	24.34	-	-
Yong Chew Keat	2,929,770	7.03	-	-
Tan Seng Kee	12,000	0.03	-	-
Hee Teck Ming	1,500	0.004	-	-
Dato' Ong Kim Hoay	-	-	-	-

* Deemed interested via his substantial interest in Iskandar Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Substantial Shareholders' Shareholdings as per the Register of Substantial Shareholders as at 29 October 2004

Name of Substantial Shareholders	Direct		Indirect	
	No. of Ordinary Shares held	%	No. of Ordinary Shares Held	%
Yong Yoke Keong	10,150,269	24.34	-	-
Iskandar Holdings Sdn Bhd	3,294,720	7.90	-	-
Mirzan Mahathir	-	-	3,294,720 *	7.90
Yong Chew Keat	2,929,770	7.03	-	-

* Deemed interested via his substantial interest in Iskandar Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Notice of Eleventh Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Hotel Istana, Kuarza Executive Meeting Room, 23rd Floor, No. 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 20 December, 2004 at 2.30 pm.

1. To receive the Audited Financial Statements of the Company for the year ended 30 June 2004 and the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To re-elect the following Directors retiring pursuant to Article 85 of the Company's Articles of Association:- **Resolution 2**
 - (a) Tan Seng Kee **Resolution 2**
 - (b) Hee Teck Ming **Resolution 3**
3. To re-appoint Dato' Ong Kim Hoay who is over the age of seventy (70) years as a Director of the Company in accordance with Section 129 of the Companies Act, 1965. **Resolution 4**
4. To approve the payment of Directors' fees for the year ended 30 June 2004. **Resolution 5**
5. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**
6. As Special Business:-
To consider and if thought fit, to pass the following resolution, with or without modifications, as Ordinary Resolution:-

ORDINARY RESOLUTION

Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue new shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD
YEOH CHONG KEAT (MIA 2736)
Secretary

26 November 2004

Kuala Lumpur

Notice of Eleventh Annual General Meeting (Cont'd)

Notes:

- (i) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
- (ii) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (iii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (v) The instrument of a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the holding of this meeting or at any adjournment thereof.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Ordinary Resolution (Resolution 7)

This Ordinary Resolution, if passed, will allow the Directors of the Company to issue and allot shares upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice of Eleventh Annual General Meeting

1. Directors standing for re-election or re-appointment at the Eleventh Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 85 of the Company's Articles of Association and seeking re-election are as follows:

- (a) Tan Seng Kee
- (b) Hee Teck Ming

The Director who is over the age of seventy (70) years and seeking re-appointment in accordance with Section 129 of the Companies Act, 1965 is as follows:

- (a) Dato' Ong Kim Hoay

The details of the above Directors standing for re-election or re-appointment are set out in their respective profiles on page 6 of this Annual Report. Their securities holdings in the Company are set out on page 55 of this Annual Report.

2. Details of attendance of Directors at Board of Directors' Meetings

There were five (5) Board of Directors' Meetings held during the financial year ended 30 June 2004. Details of attendance of the Directors are set out on page 9 of this Annual Report.

3. Details of the place, date and time of the Eleventh Annual General Meeting

Details of the place, date and time of the Eleventh Annual General Meeting are as follows:-

<u>Date</u>	<u>Time</u>	<u>Place</u>
20 December 2004	2.30 pm	Hotel Istana, Kuarza Executive Meeting Room 23rd Floor, No. 73 Jalan Raja Chulan 50200 Kuala Lumpur

Artwright®

ARTWRIGHT HOLDINGS BERHAD
(Company No. : 274909-A)

ELEVENTH ANNUAL GENERAL MEETING

FORM OF PROXY

No. of Ordinary Shares Held

CDS Acc. No.

I/We, _____ NRIC/Company No. _____
(Full name in block letters)

of _____
(Full Address)

being a member/members of **ARTWRIGHT HOLDINGS BERHAD** hereby appoint _____
(Full name in block letters)

of _____
(Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Hotel Istana, Kuarza Executive Meeting Room, 23rd Floor, No. 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 20 December, 2004 at 2.30 pm and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

RESOLUTION	*FOR	*AGAINST
ORDINARY BUSINESS		
1. To receive the Audited Financial Statements of the Company for the year ended 30 June 2004 and the Directors' and Auditors' Reports thereon.		
2. To re-elect Tan Seng Kee retiring in accordance with Article 85 of the Company's Articles of Association.		
3. To re-elect Hee Teck Ming retiring in accordance with Article 85 of the Company's Articles of Association.		
4. To re-appoint Dato' Ong Kim Hoay who is over the age of seventy (70) years as a Director in accordance with Section 129 of the Companies Act, 1965.		
5. To approve the payment of Directors' fees for the year ended 30 June 2004.		
6. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS		
7. To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

*Please indicate with an "X" in the appropriate spaces on how you wish your vote to be cast. In the absence of specific direction, the proxy will vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2004

Signature of Member(s) or Common Seal

Notes:

- (i) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
- (ii) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (iii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (v) The instrument of a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the holding of this meeting or at any adjournment thereof.

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The Company Secretary

ARTWRIGHT HOLDINGS BERHAD

(Company No. 274909-A)

C/O ARCHER CORPORATE SERVICES SDN BHD

(Company No. 481718-D)

Suite 11-1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur

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