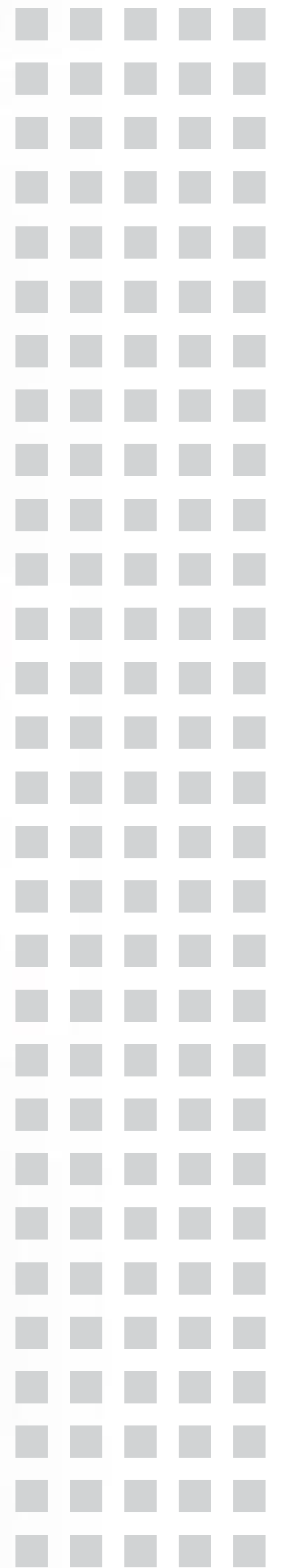




Artwright[®] + SpaceCom[®]



AHB HOLDINGS BERHAD
(Formerly known as Artwright Holdings Berhad)
ANNUAL REPORT 2006

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mirzan Mahathir

Chairman

Non-Independent Non-Executive Director

Yong Yoke Keong

Managing Director / Chief Executive Officer

Yong Chew Keat

Non-Independent Non-Executive Director

(Re-designated from executive position w.e.f. 24/11/06)

Hee Teck Ming

Independent Non-Executive Director

Dato' Ong Kim Hoay

Independent Non-Executive Director

Tan Seng Kee

Non-Independent Non-Executive Director

(Resigned w.e.f. 30/5/06)

AUDIT COMMITTEE

Dato' Ong Kim Hoay

Chairman

Independent Non-Executive Director

Tan Seng Kee

Non-Independent Non-Executive Director

(Resigned w.e.f. 30/5/06)

Hee Teck Ming

Independent Non-Executive Director

Yong Chew Keat

Non-Independent Non-Executive Director

(Re-designated from executive position w.e.f. 24/11/06)

COMPANY SECRETARY

Yeoh Chong Keat

(MIA 2736)

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad

Alliance Bank Malaysia Berhad

HSBC 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 / 03-7725 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 / 03-7723 6500

Fax: 03-7726 3986 / 03-7726 8986

REGISTERED OFFICE

Suite 11.1A, Level 11

Menara Weld

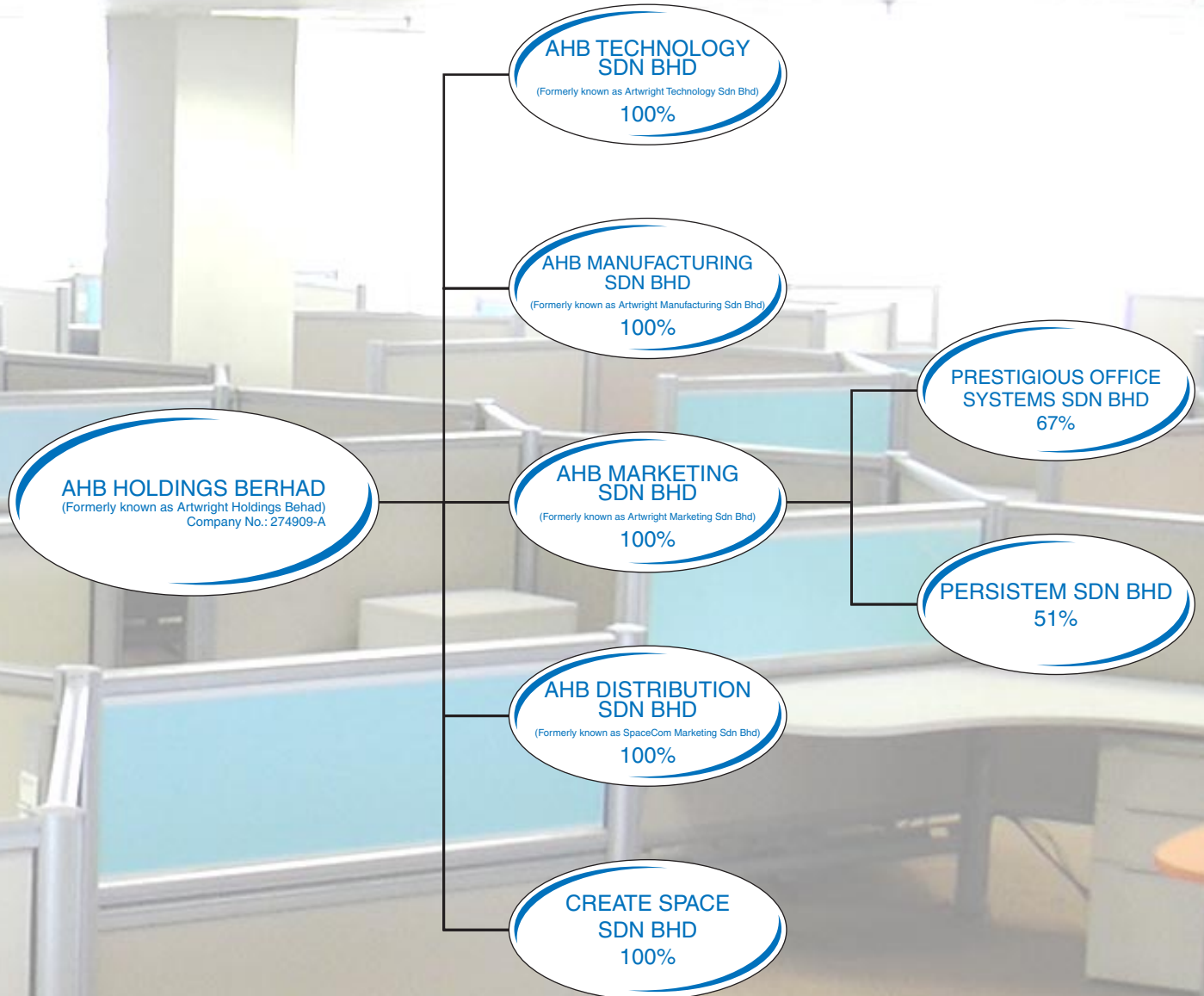
76, Jalan Raja Chulan

50200 Kuala Lumpur

Tel: 03-2031 1988

Fax: 03-2031 9788

GROUP CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the thirteenth Annual Report and Financial Statements of AHB Holdings Berhad ("AHB or Group") for the financial year ended 30 June 2006.

The last financial year has been eventful for AHB. In line with our business model direction of effective out-sourcing with strong information technology and human resources infrastructure, the Group completed the corporate exercise to dispose the 25% equity shares in our associate company named Steelcase Artwright Manufacturing Sdn Bhd ("SAM") on November 30th 2005.

While we are committed to our business model strategies, the Group has faced certain operational and supply chain challenges during the financial year ended June 2006 from the limited local supply sources arising from our commitment to our former joint-venture factory SAM. We are pleased that within a very short period of time from the disposal, we have managed to establish reliable multi-sourcing supply chains improving our performance in flexibility, lead time responses and quality standards. The management team continues to embark on this business model which focuses on market and product development and also the quality assurance of the products, fulfillment cycle, customer experience and satisfaction.

We have also changed our Group's name to AHB Holdings Berhad from Artwright Holdings Berhad to take advantage of our business strategy of multiple brands for different market segments.

Going forward, our strategies are to continually focus on Research & Development ("R&D") of new products and securing growth from our customer base by ensuring consistent fulfillment in all aspects, and more particularly to ensure product quality and service levels. In this aspect, during year the under review, we established a "high-value-add" product finishing line facility in our Seri Kembangan premises of 2.5 acre for activities including product quality assurances and value-add assembly and packaging processes to ensure timely customer orders fulfillment and to ensure consistently high quality control.

Our management objective and R&D direction is to continue to deliver our brand differentiation in a more competitive manner. We have several exciting new products in the pipeline to be launched in the financial year 2007.

On the marketing front, we continue to positively respond to demands from our local and foreign office furniture markets.

In the sum of this eventful year, the turnover for the Group for the financial year ended 30 June 2006 decreased to RM39.49 million from RM53.69 million in the preceding financial year 2005. However, our operating expenses and overhead cost are reasonably under control in line with our new business model. The Group recorded an improved net profit after tax of RM524,440 compared to RM120,766 in the preceding financial year 2005.

We feel that we had invested properly into our new business direction, and the Group would henceforth harvest the fruits of our previous years' efforts and focus.

We in AHB 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 the AHB Group.

On behalf of the Board, I would like to extend my unreserved appreciation to the management and staff of AHB 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
Chairman



BOARD OF DIRECTORS

Mirzan Mahathir, Malaysian, aged 48, is the Non-Independent Non-Executive Chairman of the AHB Holdings Berhad (Formerly known as 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 2006.

Yong Yoke Keong, Malaysian, aged 47, 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 Perekabentuk Dalaman Malaysia Industry Partners (IPDM-ip).

Mr. Yong Yoke Keong is the brother of Mr. Yong Chew Keat, a Non-Independent Non-Executive Director of the Company. Mr. Yong Yoke Keong attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2006.

Yong Chew Keat, Malaysian, aged 57, was appointed to the Board of AHB on 3 May 1994. He was appointed as a member of the Audit Committee on 22 August 2006. He is also a member of the Nomination and Remuneration Committees. He had been re-designated from an executive position to a Non-Independent Non-Executive Director on 24 November 2006. He is one of the founder members of the AHB 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. Mr. Yong Chew Keat attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2006.

Dato' Ong Kim Hoay, Malaysian, aged 72, 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 Committees. 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. 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 Ann Joo Resources Berhad, Atlan Holdings Berhad, Kimble Corporation Berhad and Multivest Resources 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 2006.

Hee Teck Ming, Malaysian, aged 47, 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 Committees. 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. He held 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 2006.

AUDIT COMMITTEE REPORT

COMPOSITION

- Dato' Ong Kim Hoay - Chairman, Independent Non-Executive Director
Hee Teck Ming - Member, Independent Non-Executive Director
Yong Chew Keat - Member, Non-Independent Non-Executive Director
(Re-designated from an executive position w.e.f. 24 November 2006)
Tan Seng Kee - Member, Non-Independent Non-Executive Director
(Resigned w.e.f. 30 May 2006)

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

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:-
 - (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (c) must fulfill such other requirements as prescribed by the Exchange from time to time.

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.

AUDIT COMMITTEE REPORT (cont.)

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;
 - (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.
- (3) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year and to prepare a statement verifying such allocation in the annual reports.

Meetings

Meetings shall be held not less than four times a year.

The Financial Controller, the head of Internal Audit and a representative of the external auditors shall normally attend meetings. Other Board members and employees may also attend the Audit Committee meeting upon the invitation of the Committee.

The Company Secretary shall be the Secretary of the Committee.

Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

AUDIT COMMITTEE REPORT (cont.)

Audit Committee Meetings and Attendance

During the financial year ended 30 June 2006, 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 (%)
	29/8/05	5/10/05	30/11/05	28/2/06	29/5/06		
Dato' Ong Kim Hoay	V	V	V	V	V	5/5	100
Tan Seng Kee (Resigned w.e.f. 30/05/2006)	V	V	X	V	V	4/5	80
Hee Teck Ming	V	V	V	V	V	5/5	100
Yong Chew Keat (Appointed w.e.f. 22/08/2006)	-	-	-	-	-	N/A	N/A

Activities of the Audit Committee

During the financial year ended 30 June 2006, the Audit Committee, in discharging its functions and duties, had carried out the following activities:-

- i. Reviewed the quarterly unaudited financial results prior to the Board of Directors' approval for submission to Bursa Malaysia Securities Berhad;
- ii. Reviewed the annual audited financial statements of the Group with the external auditors prior to the Board of Directors' approval for submission to Bursa Malaysia Securities Berhad;
- iii. Reviewed the annual audit plan to ensure the adequacy of the scope and resources of the internal audit function;
- iv. Reviewed the internal audit reports, audit recommendations made and management responses to these recommendations;
- v. Discussed the audit findings and reviewed the audit report with the external auditors; and
- vi. Reviewed the allocation of options during the financial year ended 30 June 2006 under the Company's Employees' Share Option Scheme.

Internal Audit Function

It is the intention of the Internal Process Control unit ("IPCU") to provide the Audit Committee of the Company, with 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 IPCU 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 2006, the Audit Committee reviewed internal audit reports on the following areas:

- i. Information technology and access systems;
- ii. Security policy for staff; and
- iii. Backup and recovery systems.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors ("the Board") of AHB Holdings Berhad (Formerly known as 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 2006.

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 a Non-Independent Non-Executive Chairman, a Group Managing Director, an Executive Director who had been re-designated to a Non-Independent Non-Executive Director on 24 November 2006 and two (2) Independent Non-Executive Directors. 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 are 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.

CORPORATE GOVERNANCE STATEMENT (cont.)

d) Board Meetings

There were five (5) Board of Directors' Meetings held during the financial year ended 30 June 2006. 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 (%)
	29/8/05	12/10/05	30/11/05	28/2/06	29/5/06		
Mirzan Mahathir	V	V	X	V	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 (Resigned on 30th May 2006)	V	X	X	V	V	3/5	60
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 of whom majority are independent, as follows:-

Dato' Ong Kim Hoay (Chairman, Independent Non-Executive Director)
Hee Teck Ming (Member, Independent Non-Executive Director)
Yong Chew Keat (Member, Non-Independent Non-Executive Director)

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 2006 to review the structures and effectiveness of the Board and to deliberate on the re-election and re-appointment 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).

The Directors have also attended various courses accredited by Bursa Malaysia Securities Berhad under the Continuing Education Programme ("CEP"). The Directors acknowledge their duty to comply with the CEP requirements and shall assess their training needs on a regular basis in order to keep themselves updated on regulatory and corporate governance developments in enabling them to discharge their duty more effectively.

CORPORATE GOVERNANCE STATEMENT (cont.)

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)
Yong Chew Keat (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 2006 are set out below:

Group	Fees RM'000	Salaries Emoluments RM'000	Bonus and Red Packet RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors	24	565	-	15	604
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	-	4
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	2	-
	2	4
	2	4

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 financial results and annual financial results.

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.

CORPORATE GOVERNANCE STATEMENT (cont.)

b) Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 30 June 2006

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 2006, 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 13 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.

ADDITIONAL 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 2006 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) Statement on Revaluation Policy

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

d) Non-Audit Fees

There were no non-audit fees paid to the external auditors for the financial year ended 30 June 2006.

e) Securities Commission Conditions Imposed On AHB Holdings Berhad (Formerly known as Artwright Holdings Berhad) ("AHB")

The Securities Commission ("SC") has vide its letter dated 26 October 2005 approved under Section 32(5) of the Securities Commission Act, 1993 the waiver from complying with approval conditions as set out in the SC's letter dated 28 January 2002, as follows:

- (i) AHB should ensure full compliance with paragraph 11.12 of the Policies and Guidelines on Issue/Offer of Securities ("SC Issues Guidelines") with regard to the listing of a trading/retailing company on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") or operate a core business for which listing on the Second Board of Bursa Securities is allowed, within 2 years from the date of the decision letter; and
- (ii) AHB should eliminate its accumulated losses within 2 1/2 years from the date of the decision letter.

The SC's approval is subject to the condition that the Company or its advisers, Affin Merchant Bank Berhad should submit a detailed proposal to the SC on the Company's plan to eliminate the accumulated losses and the said proposal should also be announced to Bursa Securities. The Board of Directors of the Company has taken note of the condition imposed by the SC and will deliberate on the same and/or the next course of action to be taken by the Company.

CORPORATE GOVERNANCE STATEMENT (cont.)

Statement on Internal Control

a) Responsibility

The Board of Directors acknowledges responsibilities in maintaining a sound internal controls systems and for reviewing its adequacy and effectiveness.

The internal control system is designed to safeguard shareholders' investment and the Group's assets. It serves to manage rather than eliminate the risk of failure to achieve business objectives. This is in recognition of limitation inherent in any system that can provide only reasonable but not absolute assurance against material misstatement or loss.

The Board is satisfied that the internal control system was generally satisfactory for the financial year under review, and there was a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

b) Risk Management

During the financial year, an Internal Process Control unit ("IPCU") within the Group's operations replace the previously outsourced internal auditor to assist the Audit Committee and Board of Directors on internal control assessments. This IPCU provided assessments and feedback to the business by:

- documenting policies, procedures and process flows in the Working Guidelines and responding to queries from the Audit Committee; and
- promoting risk awareness and the value and nature of an effective internal control system.

The senior management assisted the Audit Committee and Board of Directors by providing assessment and feedback to the business in the areas of :

- checking on compliance with laws, regulations, corporate policies and procedures; and
- evaluating the effectiveness of risk management and corporate governance.

c) Internal Control System

The key elements of the Group's Internal Control system are as follows:

- Regular reviews and discussions are held to identify and resolve business, financial, and other management issues.
- Information are provided by the management to the Board on key business indicators.
- Roles and responsibilities of delegated authority are clearly defined and set out in the Group policy and guidelines. These policies and guidelines are reviewed regularly and updated when needed. They can be accessed by all employees to facilitate awareness and compliance.
- The Audit Committee monitors remedial action plan on internal control issues identified by both management and external auditors.

There are no material losses incurred during the financial year because of weaknesses in internal control. The management will continue to take suitable steps to strengthen the control environment in which the Group operates in.

Statement made in accordance with the resolution of the Board of Directors dated November 24, 2006.

FINANCIAL STATEMENTS

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of AHB Holdings Berhad

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June 30, 2006

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DIRECTORS' REPORT

The directors of **AHB HOLDINGS BERHAD** (formerly known as 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, 2006.

PRINCIPAL ACTIVITIES

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 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.

CHANGE OF NAME

On June 20, 2006, the Company changed its name from Artwright Holdings Berhad to AHB Holdings Berhad.

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	441,020	(2,230,887)
Income tax expense	36,563	1,167
	<hr/>	<hr/>
Profit/(Loss) after tax	477,583	(2,229,720)
Minority interests	46,857	-
	<hr/>	<hr/>
Net profit/(loss) for the year	<u>524,440</u>	<u>(2,229,720)</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 41,853,599 ordinary shares of RM1 each to 41,858,633 ordinary shares of RM1 each by way of a conversion of RM7,200 nominal value of 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 into 5,034 new ordinary shares of RM1 each at a conversion price of RM1.43 per share.

The resulting share premium from the above conversion of ICULS amounting to RM2,166 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.

DIRECTORS' REPORT (cont.)

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.

The share options granted and exercised during the financial year are as follows:

Exercise Price	Balance at 1.7.2005	Granted	Exercised	Balance at 30.6.2006
RM1.00	2,149,500	-	-	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 there were no bad debts to be 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 require the writing off of bad debts or render the amount of 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
- (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.

DIRECTORS' REPORT (cont.)

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
Hee Teck Ming
Dato' Ong Kim Hoay
Tan Seng Kee (resigned on 30.5.2006)

In accordance with Article 85 of the Company's Articles of Association, Mr. Yong Yoke Keong retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Dato' Ong Kim Hoay who is over 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:

Shares in the Company	Number of ordinary shares of RM1 each			Balance at 30.6.2006
	Balance at 1.7.2005	Bought	Sold	
Registered in name of directors				
Direct interest				
Yong Yoke Keong	10,150,269	-	-	10,150,269
Yong Chew Keat	2,929,770	-	-	2,929,770
Hee Teck Ming	1,500	-	-	1,500
Indirect interest				
Mirzan bin Mahathir	3,294,720	-	-	3,294,720

DIRECTORS' REPORT (cont.)

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 1.7.2005	Granted	Exercised	Balance at 30.6.2006
Yong Yoke Keong	327,000	-	-	327,000
Yong Chew Keat	327,000	-	-	327,000
Mirzan bin Mahathir	255,000	-	-	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 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,
October 16, 2006

REPORT OF THE AUDITORS TO THE MEMBERS OF AHB HOLDINGS BERHAD (Formerly known as Artwright Holdings Berhad)

We have audited the accompanying balance sheets as of June 30, 2006 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. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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 Malaysian Accounting Standards Board ("MASB") 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, 2006 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
1717/08/07 (J)
Partner

October 16, 2006

INCOME STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	4	39,485,930	53,687,940	-	-
Other operating income	5	5,097,023	327,263	442,837	-
Purchase of trading merchandise		(24,749,059)	(35,940,740)	-	-
Changes in trading merchandise		(191,994)	882,033	-	-
Directors' remuneration	6	(710,088)	(702,880)	(72,000)	(72,000)
Staff costs	5	(3,203,933)	(3,575,185)	-	-
Depreciation of property, plant and equipment	11	(935,646)	(1,013,407)	-	-
Amortisation of intangible assets		(483,761)	(640,773)	-	-
Amortisation and write-off of goodwill	12	(601,036)	(209,096)	-	-
Other operating expenses	5	(10,695,912)	(7,412,160)	(2,013,529)	(1,885,455)
Profit/(Loss) from operations		3,011,524	5,402,995	(1,642,692)	(1,957,455)
Finance costs	7	(1,283,238)	(1,674,549)	(615,402)	(1,174,684)
Income from other Investment	8	31,374	84,603	27,207	83,352
Share of losses of associated company		(1,318,640)	(3,578,685)	-	-
Profit/(Loss) before tax		441,020	234,364	(2,230,887)	(3,048,787)
Income tax expense:					
The Company and its subsidiary companies	9	(10,140)	(28,410)	1,167	(23,670)
Share of tax of associated company		46,703	(71,832)	-	-
		36,563	(100,242)	1,167	(23,670)
Profit/(Loss) after tax		477,583	134,122	(2,229,720)	(3,072,457)
Minority interests		46,857	(13,356)	-	-
Net profit/(loss) for the year		524,440	120,766	(2,229,720)	(3,072,457)
Earnings per ordinary share (sen)					
Basic	10	1.25	0.29		
Fully diluted	10	N/A	N/A		

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

BALANCE SHEETS AS OF JUNE 30, 2006

	Note(s)	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
ASSETS					
Property, plant and equipment	11	3,353,430	4,198,738	-	-
Goodwill on consolidation	12	2,120,422	2,721,458	-	-
Investment in subsidiary companies	13	-	-	37,840,922	39,630,922
Investment in associated company	14	-	13,417,320	-	16,625,000
Other investments	15	26,000	26,000	-	-
Intangible assets	16	739,193	1,222,954	-	-
Current Assets					
Inventories	17	8,148,334	8,620,372	-	-
Trade receivables	18	23,613,250	25,224,616	-	-
Other receivables and prepaid expenses	19	3,312,412	2,608,362	10,278	9,111
Amount owing by subsidiary companies	20	-	-	15,459,997	14,001,308
Fixed deposits, cash and bank balances	21	2,334,270	1,525,301	9,782	1,070,870
		<u>37,408,266</u>	<u>37,978,651</u>	<u>15,480,057</u>	<u>15,081,289</u>
Current Liabilities					
Trade payables	22	1,139,803	792,892	-	-
Other payables and accrued expenses	20&22	1,586,121	2,862,026	1,378,247	1,220,523
Amount owing to subsidiary companies	20	-	-	8,970,699	8,353,517
Amount owing to former associated company	20	10,957,498	10,447,720	-	-
Amount owing to directors	23	337,800	178,502	252,000	178,502
Bank borrowings	24	8,399,610	6,438,266	2,138,550	1,655,115
Hire-purchase payables - current portion	25	108,451	107,256	-	-
Lease payables - current portion	26	-	2,190	-	-
Tax liabilities		16,000	9,500	-	-
		<u>22,545,283</u>	<u>20,838,352</u>	<u>12,739,496</u>	<u>11,407,657</u>
Net Current Assets		14,862,983	17,140,299	2,740,561	3,673,632
Long-Term and Deferred Liabilities					
Hire-purchase payables - non-current portion	25	(20,264)	(34,604)	-	-
Long-term loans - non-current portion	27	(1,294,061)	(18,888,694)	-	(16,625,000)
Deferred tax liability	28	(4,700)	(4,700)	-	-
		<u>(1,319,025)</u>	<u>(18,927,998)</u>	<u>-</u>	<u>(16,625,000)</u>
Minority interests		<u>(86,177)</u>	<u>(133,034)</u>	<u>-</u>	<u>-</u>
Net Assets		<u>19,696,826</u>	<u>19,665,737</u>	<u>40,581,483</u>	<u>43,304,554</u>
Represented by:					
Issued capital	29	41,858,633	41,853,599	41,858,633	41,853,599
Reserves	30	(31,131,862)	(31,165,117)	(10,247,205)	(7,526,300)
Irredeemable Convertible Unsecured Loan Stocks	31	8,970,055	8,977,255	8,970,055	8,977,255
Shareholders' Equity		<u>19,696,826</u>	<u>19,665,737</u>	<u>40,581,483</u>	<u>43,304,554</u>

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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2006

The Group

	Note	Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non- distributable Reserve Share Premium RM	Accumulated Loss RM	Total RM
Balance as of July 1, 2004		40,789,657	9,243,155	885,196	(31,751,960)	19,166,048
Net profit for the year		-	-	-	120,766	120,766
Issue of shares:						
Conversion of ICULS	29	185,942	(265,900)	79,958	-	-
Private placement of ordinary shares	29	878,000	-	-	-	878,000
Interest on ICULS		-	-	-	(499,077)	(499,077)
Balance as of June 30, 2005		41,853,599	8,977,255	965,154	(32,130,271)	19,665,737
Net profit for the year		-	-	-	524,440	524,440
Issue of shares:						
Conversion of ICULS	29	5,034	(7,200)	2,166	-	-
Interest on ICULS		-	-	-	(493,351)	(493,351)
Balance as of June 30, 2006		<u>41,858,633</u>	<u>8,970,055</u>	<u>967,320</u>	<u>(32,099,182)</u>	<u>19,696,826</u>

The Company

	Note	Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non- distributable Reserve Share Premium RM	Accumulated Loss RM	Total RM
Balance as of July 1, 2004		40,789,657	9,243,155	885,196	(4,919,920)	45,998,088
Net loss for the year		-	-	-	(3,072,457)	(3,072,457)
Issue of shares:						
Conversion of ICULS	29	185,942	(265,900)	79,958	-	-
Private placement of ordinary shares	29	878,000	-	-	-	878,000
Interest on ICULS		-	-	-	(499,077)	(499,077)
Balance as of June 30, 2005		41,853,599	8,977,255	965,154	(8,491,454)	43,304,554
Net loss for the year		-	-	-	(2,229,720)	(2,229,720)
Issue of shares:						
Conversion of ICULS	29	5,034	(7,200)	2,166	-	-
Interest on ICULS		-	-	-	(493,351)	(493,351)
Balance as of June 30, 2006		<u>41,858,633</u>	<u>8,970,055</u>	<u>967,320</u>	<u>(11,214,525)</u>	<u>40,581,483</u>

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	441,020	234,364	(2,230,887)	(3,048,787)
Adjustments for:				
Allowance for doubtful debts - Net	4,281,130	1,994,701	-	-
Finance costs	1,283,238	1,674,549	615,402	1,174,684
Depreciation of property, plant and equipment	935,645	1,013,407	-	-
Unrealised loss on foreign exchange	825,395	28,821	-	-
Allowance for inventory obsolescence	760,015	-	-	-
Amortisation of intangible assets	483,761	640,773	-	-
Amortisation and write-off of goodwill	601,036	209,096	-	-
Property, plant and equipment written off	2,525	-	-	-
Gain on disposal of associated company	(4,922,454)	-	(442,837)	-
Interest income	(31,374)	(84,603)	(27,207)	(83,352)
Gain on disposal of property, plant and equipment	(25,000)	(36,000)	-	-
Share of losses of associated company	1,318,640	3,578,685	-	-
Impairment loss on investment in subsidiary companies	-	-	1,790,000	1,790,000
Operating Profit/(Loss) Before Working Capital Changes	5,953,577	9,253,793	(295,529)	(167,455)
(Increase)/Decrease in:				
Inventories	(287,977)	(1,014,423)	-	-
Trade receivables	(3,495,159)	(4,684,809)	-	-
Other receivables and prepaid expenses	(702,883)	477,367	-	-
Amount owing by subsidiary companies	-	-	(1,458,689)	(5,750,564)
Fixed deposits with licensed banks	1,059,390	(83,352)	1,059,390	(83,352)
Increase/(Decrease) in:				
Trade payables	346,911	(1,357,968)	-	-
Other payables and accrued expenses	(1,275,905)	(2,350,097)	157,724	(85,487)
Amount owing to subsidiary companies	-	-	617,182	4,074,027
Amount owing to former associated company	509,778	(722,301)	-	-
Amount owing to directors	159,298	72,000	73,498	72,000
Cash Generated From/(Used In) Operations	2,267,030	(409,790)	153,576	(1,940,831)
Income tax paid	(4,807)	(20,524)	-	(350)
Income tax refunded	-	80,650	-	-
Interest income	31,374	84,603	27,207	83,352
Net Cash From/(Used In) Operating Activities	2,293,597	(265,061)	180,783	(1,857,829)

CASH FLOW STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006 (cont.)

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		25,000	37,000	-	-
Purchase of property, plant and equipment		(92,862)	(148,324)	-	-
Proceeds from disposal of investment in associated company		17,067,837	-	17,067,837	-
Net Cash From/(Used In) Investing Activities		16,999,975	(111,324)	17,067,837	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in bank borrowings (excluding bank overdrafts)		483,435	1,451,985	483,435	1,451,985
Repayment of long-term loans		(16,131,538)	(1,045,371)	(16,625,000)	-
Finance costs paid		(1,283,238)	(614,705)	(615,402)	(114,840)
Interest on ICULS paid		(493,351)	(499,077)	(493,351)	(499,077)
Proceeds from issue of shares		-	878,000	-	878,000
Payment of hire-purchase payables		(13,145)	(59,258)	-	-
Payment of lease payables		(2,190)	(8,150)	-	-
Net Cash (Used In)/From Financing Activities		(17,440,027)	103,424	(17,250,318)	1,716,068
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,853,545	(272,961)	(1,698)	(141,761)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		306,087	579,048	2,784	144,545
CASH AND CASH EQUIVALENTS AT END OF YEAR	32	2,159,632	306,087	1,086	2,784

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

NOTES TO 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.

On June 20, 2006, the Company changed its name from Artwright Holdings Berhad to AHB Holdings Berhad.

The total number of employees of the Group and of the Company as at year end were 59 (2005 : 74) and Nil (2005: 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 68, Jalan Puteri 2/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 MASB approved accounting standards in Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on October 16, 2006.

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.

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, 2006.

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.

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 customer.

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

NOTES TO FINANCIAL STATEMENTS (cont.)

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:

	30.6.2006	30.6.2005
Foreign currency	RM	RM
1 United States Dollar	3.67	3.80
1 Singapore Dollar	2.31	2.26
100 Japanese Yen	3.20	3.45
1 Australian Dollar	2.72	2.90

Income Tax

Deferred tax is accounted for using the "balance sheet liability" method in respect of temporary differences arising from differences between the carrying amounts 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 generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can 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%

NOTES TO FINANCIAL STATEMENTS (cont.)

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.

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-subsiary 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 the date of disposal. 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 FINANCIAL STATEMENTS (cont.)

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.

NOTES TO FINANCIAL STATEMENTS (cont.)

4. REVENUE

	The Group	
	2006 RM	2005 RM
Sales of drafting equipment, office furniture and specialised computer furniture	<u>39,485,930</u>	<u>53,687,940</u>

5. OTHER OPERATING INCOME/(EXPENSES)

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Gain on disposal of associated company	4,922,454	-	442,837	-
Foreign exchange gain/(loss) :				
Realised	37,714	(36,903)	-	-
Unrealised	(825,395)	(28,821)	-	-
Gain on disposal of property, plant and equipment	25,000	36,000	-	-
Allowance for doubtful debts - Net	(4,281,130)	(1,994,701)	-	-
Allowance for inventory obsolescence	(760,015)	-	-	-
Audit fee:				
Current year	(81,300)	(43,800)	(14,500)	(5,300)
Underprovision in prior year	(26,000)	-	(6,700)	-
Rental of premises	(70,450)	(53,200)	-	-
Property, plant and equipment written off	(2,525)	-	-	-
Impairment loss on investment in subsidiary companies	-	-	(1,790,000)	(1,790,000)
Professional fee payable to a firm in which a former director is also a member (Note 20)	-	(4,729)	-	(4,729)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Staff costs 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 RM304,748 (2005 : RM319,435).

NOTES TO FINANCIAL STATEMENTS (cont.)

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Company's directors				
Executive directors:				
Fees	24,000	24,000	24,000	24,000
Other emoluments	504,000	462,600	-	-
EPF contributions	60,480	55,512	-	-
	588,480	542,112	24,000	24,000
Non-executive directors:				
Fees	48,000	48,000	48,000	48,000
Other emoluments	-	16,000	-	-
EPF contributions	-	1,920	-	-
	48,000	65,920	48,000	48,000
Subsidiary companies' directors				
Executive directors:				
Other emoluments	65,722	87,011	-	-
EPF contributions	7,886	7,837	-	-
	73,608	94,848	-	-
	<u>710,088</u>	<u>702,880</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 (2005 : RM18,164).

7. FINANCE COSTS

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest on:				
Long-term loans	1,087,995	1,548,496	442,837	1,065,651
Trust receipts	172,565	109,033	172,565	109,033
Bank overdrafts	14,805	13,846	-	-
Hire-purchase	2,369	2,244	-	-
Finance lease	-	626	-	-
Others	5,504	304	-	-
	<u>1,283,238</u>	<u>1,674,549</u>	<u>615,402</u>	<u>1,174,684</u>

8. INCOME FROM OTHER INVESTMENT

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest income on fixed deposits with licensed banks	31,374	84,603	27,207	83,352

NOTES TO FINANCIAL STATEMENTS (cont.)

9. INCOME TAX EXPENSE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Estimated tax payable:				
Current year	11,307	35,340	-	23,339
(Over)/Underprovision in prior years	(1,167)	(6,930)	(1,167)	331
	<u>10,140</u>	<u>28,410</u>	<u>(1,167)</u>	<u>23,670</u>
Share of tax of associated company	(46,703)	71,832	-	-
	<u>(36,563)</u>	<u>100,242</u>	<u>(1,167)</u>	<u>23,670</u>

The income tax expense for the year can be reconciled to the profit before tax shown in the income statement as follows:

	The Group	
	2006 RM	2005 RM
Profit/(Loss) before tax	<u>441,020</u>	<u>234,364</u>
Tax at applicable tax rate:		
20% on the first RM500,000 of chargeable income	88,204	46,873
Tax effects of non-deductible expenses	96,361	1,365,338
Utilisation of deferred tax assets not recognised previously	(219,961)	(1,305,039)
Overprovision in prior years	(1,167)	(6,930)
	<u>(36,563)</u>	<u>100,242</u>

The overprovision in prior years in 2006 of the Company relates mainly to certain permitted expenses which are treated as allowable by tax authorities under Section 60F of the Income Tax, 1967.

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, 2006, 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 RM33,037,900 (2005: RM33,037,900) and is subject to approval by the Inland Revenue Board.

Also, the said subsidiary company has 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, 2006, the cumulative reinvestment allowances claimed and utilised by the said subsidiary company totalled RM15,893,000 (2005: RM15,893,000), subject to agreement by the Inland Revenue Board.

During the previous financial year, the said subsidiary company received an additional tax assessment of RM756,271 for the year of assessment 1998 due to reinvestment allowances and certain expenses claimed that were disallowed by the tax authorities.

The Company has appealed against the disallowance of these allowances and expenses and pending the outcome of the appeal, the additional tax assessment has not been provided for in the financial statements.

NOTES TO FINANCIAL STATEMENTS (cont.)

10. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share is calculated based on the Group's net profit 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	
	2006 RM	2005 RM
Net profit for the year	524,440	120,766
Number of ordinary shares at beginning of year	41,853,599	40,789,657
Effect of ordinary shares issued pursuant to:		
Conversion of 5.5% ICULS 2002/2007	4,758	89,402
Private placement of new ordinary shares	-	748,104
Weighted average number of ordinary shares in Issue	41,858,357	41,627,163
Basic earnings per ordinary share (sen)	1.25	0.29

(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 potentially dilutive ordinary shares as follows:

- (i) Employees Share Option Scheme (ESOS);
- (ii) Warrants 2005/2014; and
- (iii) 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007

The diluted earnings per ordinary share of the Group in 2006 and 2005 has not been presented as the average fair value of the shares of the Group is lower than the exercise price for the exercise of ESOS, Warrants 2005/2014 and conversion of the 5.5% ICULS 2002/2007 to ordinary shares. The effect of this would be anti-dilutive to earnings per ordinary share.

NOTES TO FINANCIAL STATEMENTS (cont.)

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	2,172,158	-	-	(121,000)	-	2,051,158
Plant and machinery	19,649	1,800	-	-	-	21,449
Tools, equipment and moulds	3,619,266	-	-	(391,515)	-	3,227,751
Office and computer equipment, furniture and fittings and air-conditioners	12,736,447	91,062	(480,761)	(631,713)	24,450	11,739,485
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	1,007,529	-	(59,338)	(51,847)	-	896,344
Motor vehicles under hire-purchase	358,376	-	-	-	-	358,376
Total	20,452,524	92,862	(540,099)	(1,196,075)	-	18,809,212

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	872,471	90,796	-	(118,475)	-	844,792
Plant and machinery	5,979	2,025	-	-	-	8,004
Tools, equipment and moulds	2,770,330	247,343	-	(391,515)	-	2,626,158
Office and computer equipment, furniture and fittings and air-conditioners	11,230,648	566,727	(480,761)	(631,713)	7,539	10,692,440
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	82,821	5,169	-	-	-	87,990
Office and computer equipment, furniture and fittings and air-conditioners under lease	5,094	2,445	-	-	(7,539)	-
Motor vehicles	1,007,529	-	(59,338)	(51,847)	-	896,344
Motor vehicles under hire-purchase	278,914	21,140	-	-	-	300,054
Total	16,253,786	935,645	(540,099)	(1,193,550)	-	15,455,782

NOTES TO FINANCIAL STATEMENTS (cont.)

	Net Book Value		Depreciation
	2006	2005	charge for
	RM	RM	2005
			RM
Freehold land	412,500	412,500	-
Warehouse, building and renovations	1,206,366	1,299,687	91,589
Plant and machinery	13,445	13,670	1,965
Tools, equipment and moulds	601,593	848,936	272,325
Office and computer equipment, furniture and fittings and air-conditioners	1,047,045	1,505,799	616,415
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	14,159	19,328	7,528
Office and computer equipment, furniture and fittings and air-conditioners under lease	-	19,356	2,445
Motor vehicles	-	-	-
Motor vehicles under hire-purchase	58,322	79,462	21,140
Total	3,353,430	4,198,738	1,013,407

Included under property, plant and equipment of the Group as of June 30, 2006 are fully depreciated assets which are still in use, with costs totalling RM9,038,278 (2005 : RM8,618,227).

The freehold land and warehouse of the Group with a net book value of RM1,587,404 (2005 : RM1,518,723) are charged to certain local banks to secure termed-out and term loans as mentioned in Note 27.

12. GOODWILL ON CONSOLIDATION

	The Group	
	2006	2005
	RM	RM
Goodwill at beginning of year	5,227,404	5,227,404
Cumulative amortisation at beginning of year	(2,505,946)	(2,296,850)
Current amortisation	(209,096)	(209,096)
Cumulative amortisation at end of year	(2,715,042)	(2,505,946)
Goodwill written off (Note 13)	(391,940)	-
	<u>2,120,422</u>	<u>2,721,458</u>

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2006	2005
	RM	RM
Unquoted shares - At cost	41,420,922	41,420,922
Less: Allowance for impairment loss	(3,580,000)	(1,790,000)
	<u>37,840,922</u>	<u>39,630,922</u>

As of June 30, 2006, 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 RM16,720,000 (2005 : RM16,700,000). Based on a review of the underlying assets and profitability of the subsidiary companies, the directors have made an additional allowance for impairment loss amounting to RM1,790,000 in respect of investments in subsidiary companies and goodwill arising on consolidation pertaining to certain subsidiary companies amounting to RM391,940 has been written off in the Group financial statements as shown in Note 12.

NOTES TO FINANCIAL STATEMENTS (cont.)

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

Subsidiary Company	Effective Equity Interest 2006 and 2005	Principal Activities
AHB Technology Sdn. Bhd. (Formerly known as Artwright Technology Sdn. Bhd.)	100%	Research and development of office interior markets and products and trading of office interior products.
AHB Marketing Sdn. Bhd. (Formerly known as Artwright Marketing Sdn. Bhd.)	100%	Research and development of office interior markets and products and trading of office interior products.
AHB Manufacturing Sdn. Bhd. (Formerly known as 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 AHB Marketing Sdn. Bhd.

14. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unquoted shares - At cost	-	16,625,000	-	16,625,000
Share of post-acquisition loss	-	(3,207,680)	-	-
	<u>-</u>	<u>13,417,320</u>	<u>-</u>	<u>16,625,000</u>

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

	The Group	
	2006 RM	2005 RM
Share of net tangible assets	<u>-</u>	<u>13,417,321</u>

NOTES TO FINANCIAL STATEMENTS (cont.)

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

Associated Company	Effective Equity Interest		Principal Activities
	2006	2005	
Steelcase Manufacturing Sdn. Bhd. (formerly known as Steelcase Artwright Manufacturing Sdn Bhd)	-	25%	Manufacturing, distributing and marketing of office equipment furniture and furnishing

During the financial year, the Company disposed of its 25% equity interest comprising 25,000 ordinary share of RM1.00 each in Steelcase Manufacturing Sdn Bhd ("SAM") to the ultimate holding company of SAM for a sale consideration of RM17,067,837 resulting in a gain of RM4,922,454 and RM442,837 to the Group and the Company respectively. The proceeds from the disposal were utilised to fully settle the term loan payable to Steelcase Inc. as mentioned in Note 27.

15. OTHER INVESTMENTS

	The Group	
	2006 RM	2005 RM
Quoted shares - At cost	1,000	1,000
Unquoted shares - At cost	50,000	50,000
Less: Allowance for diminution in value	(25,000)	(25,000)
	25,000	25,000
	26,000	26,000
Market value of quoted shares	850	555

16. INTANGIBLE ASSETS

	The Group	
	2006 RM	2005 RM
Patents and trademarks	637,883	637,883
Less: Accumulated amortisation	(595,704)	(562,187)
	42,179	75,696
Research and development costs	4,259,926	4,259,926
Less: Accumulated amortisation	(3,562,912)	(3,112,668)
	697,014	1,147,258
	739,193	1,222,954

NOTES TO FINANCIAL STATEMENTS (cont.)

17. INVENTORIES

	The Group	
	2006 RM	2005 RM
At cost:		
Raw materials	1,170,988	2,509,502
Trading merchandise	8,088,775	8,280,769
	<u>9,259,763</u>	<u>10,790,271</u>
Less: Allowance for inventory obsolescence	(1,111,429)	(2,169,899)
	<u>8,148,334</u>	<u>8,620,372</u>

Inventories amounting to RM1,818,485 (2005 : Nil) have been written off against the allowance for inventory obsolescence during the financial year.

18. TRADE RECEIVABLES

	The Group	
	2006 RM	2005 RM
Trade receivables	32,177,270	29,507,506
Less: Allowance for doubtful debts	(8,564,020)	(4,282,890)
	<u>23,613,250</u>	<u>25,224,616</u>

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on trade receivables is normally 30 days (2005: 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:

	2006 RM	2005 RM
Ringgit Malaysia	21,387,432	19,994,367
United States Dollar	10,789,838	9,513,139
	<u>32,177,270</u>	<u>29,507,506</u>

19. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other receivables	2,751,610	2,125,567	-	-
Recoverable tax credits	147,618	146,451	10,278	9,111
Refundable deposits	413,184	336,344	-	-
	<u>3,312,412</u>	<u>2,608,362</u>	<u>10,278</u>	<u>9,111</u>

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

NOTES TO FINANCIAL STATEMENTS (cont.)

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, 2006 are as follows:

Name of related parties	Relationship
Steelcase Manufacturing Sdn. Bhd. (formerly known as Steelcase Artwright Manufacturing Sdn Bhd)	A former associated company of the Company. The investment in associated company was disposed of during the financial year as mentioned in Note 14.
Steelcase Inc.	The ultimate holding company of a former associated Company, Steelcase Manufacturing Sdn. Bhd.
Lee, Perara & Tan	A firm in which Mr. Tan Seng Kee, a former director of the Company is a partner. Mr. Tan ceased to be a director of the Company during the financial year.

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 a former 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.

Pursuant to the new settlement agreement entered into on November 30, 2005 between the Group and the former associated company following its disposal as mentioned in Note 14, the amount owing to the former associated company shall be repayable in four instalments of RM2,000,000 on or before November 30, 2005, RM4,000,000 on or before December 31, 2005, RM3,000,000 on or before June 30, 2006 and the balance of RM1,253,336 on or before December 31, 2006.

As of June 30, 2006, the amount owing to the former associated company amounted to RM10,957,498 (2005 : RM10,447,720). As of the date of this financial statement, the Group is in the process of negotiating with the aforesaid former associated company to defer the repayments.

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

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Former associated company				
Steelcase Manufacturing Sdn Bhd.				
Purchases of trading merchandise	2,270,760	15,901,320	-	-
Other former related parties				
Lee, Perara & Tan				
Professional fee payable	-	4,729	-	-
Steelcase Inc.				
Interest payable on term loan	442,837	1,065,651	442,837	1,065,651

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

	The Company	
	2006	2005
	RM	RM
Subsidiary companies		
Interest-free advances and expenses paid on behalf	6,384,395	5,810,027
Management fee receivable	104,903	104,903

NOTES TO FINANCIAL STATEMENTS (cont.)

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables and accrued expenses				
Steelcase Inc.	1,194,420	1,194,420	1,059,844	1,059,844

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	
	2006 RM	2005 RM	2006 RM	2005 RM
Fixed deposits with licensed banks	149,042	1,263,064	8,696	1,068,086
Cash and bank balances	2,185,228	262,237	1,086	2,784
	<u>2,334,270</u>	<u>1,525,301</u>	<u>9,782</u>	<u>1,070,870</u>

Included in fixed deposits with licensed banks is an amount of RM8,696 (2005 : RM1,068,086) 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 2.79% (2005 : 2.92%) 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 (2005: 30 to 100 days).

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

	The Group	
	2006 RM	2005 RM
Ringgit Malaysia	365,913	560,070
Australian Dollar	365,511	-
Singapore Dollar	266,151	174,263
Japanese Yen	142,228	58,559
	<u>1,139,803</u>	<u>792,892</u>

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	125,662	1,090,230	-	-
Accrued expenses	1,460,459	1,771,796	1,378,247	1,220,523
	<u>1,586,121</u>	<u>2,862,026</u>	<u>1,378,247</u>	<u>1,220,523</u>

Other payables of the Group in 2006 and 2005 comprise mainly liabilities arising from outstanding payroll, insurance and freight expenses.

Accrued expenses of the Group and Company in 2006 and 2005 comprise mainly accrued loan interest.

NOTES TO FINANCIAL STATEMENTS (cont.)

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	
	2006 RM	2005 RM	2006 RM	2005 RM
Long-term loans - current portion (Note 27)	6,095,118	4,632,023	-	-
Bank overdrafts (Note 32)	165,942	151,128	-	-
Trust receipts	2,138,550	1,655,115	2,138,550	1,655,115
	<u>8,399,610</u>	<u>6,438,266</u>	<u>2,138,550</u>	<u>1,655,115</u>

The Company has credit facilities totalling RM6,300,000 (2005: RM6,300,000) 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 (2005: 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% (2005: 2%) per annum above the bank's base lending rate.

The above bank borrowings utilised are denominated in Ringgit Malaysia.

25. HIRE-PURCHASE PAYABLES

	The Group	
	2006 RM	2005 RM
Total instalments outstanding	139,679	150,455
Less: Interest-in-suspense	(10,964)	(8,595)
Principal outstanding	128,715	141,860
Less: Amount due within 12 months (shown under current liabilities)	(108,451)	(107,256)
Non-current portion	<u>20,264</u>	<u>34,604</u>

The non-current portion is repayable as follows:

	The Group	
	2006 RM	2005 RM
Within 1 - 2 years	14,340	28,680
Within 2 - 5 years	5,924	5,924
	<u>20,264</u>	<u>34,604</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 6.38% (2005:6.38%) per annum.

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

NOTES TO FINANCIAL STATEMENTS (cont.)

26. LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2006 RM	2005 RM	2006 RM	2005 RM
Amount payable under finance lease:				
Within one year	-	3,129	-	2,190
	-	3,129	-	2,190
Less: Future finance charges	-	(939)	N/A	N/A
Present value of lease Payables	-	2,190	-	2,190
Less: Amount due within 12 months (shown under current liabilities)			-	(2,190)
Non-current portion			-	-

It is the Group's policy to lease certain of its property, plant and equipment under finance lease. The term for finance lease 2 years.

27. LONG-TERM LOANS

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Termed-out loans	6,110,906	5,705,805	-	-
Term loans	1,278,273	1,189,912	-	-
Term loan from former related party	-	16,625,000	-	16,625,000
Total principal outstanding	7,389,179	23,520,717	-	16,625,000
Less: Amount due within 12 months (shown under current liabilities) (Note 24)	(6,095,118)	(4,632,023)	-	-
Non-current portion	1,294,061	18,888,694	-	16,625,000

The non-current portion is repayable as follows:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Financial years ending June 30,				
2007	-	18,826,194	-	16,625,000
2008	1,294,061	62,500	-	-
	1,294,061	18,888,694	-	16,625,000

Company

As mentioned in Note 14, the Company's term loan amounting to RM16,625,000 which was obtained from a former related party Steelcase Inc., a company incorporated in the United States of America, bears interest at 6.375% (2005: 6.375%) per annum.

This term loan, denominated in United States Dollar, was secured by a charge of the Company's shares in a former associated company and was fully settled during the financial year.

NOTES TO FINANCIAL STATEMENTS (cont.)

Subsidiary companies

Pursuant to the implementation and completion of the debt restructuring scheme in prior years, an amount of RM6,839,500 of term loans is termed-out. This termed-out loan bears interest at rates ranging from 5.30% to 7.40% (2005: 5.30% to 7.40%) per annum and is repayable in twelve (12) equal quarterly instalments 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 7.40% (2005: ranging from 5.30% to 7.40%) per annum. These term loans are repayable in twenty (20) quarterly instalments 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 a corporate guarantee from the Company.

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

As of June 30, 2006, a subsidiary company has defaulted on its repayments in respect of secured termed-out loans inclusive of interest totalling RM2,126,500 (2005 : RM1,953,600) to two local banks which have initiated legal action against the subsidiary company to recover the said amount. As of June 30, 2006, the Group is negotiating with the aforesaid banks to defer the principal repayments. Accordingly, the said amount has been classified as amount due within 12 months as of the end of June 30, 2006.

28. DEFERRED TAX LIABILITY

	The Group	
	2006 RM	2005 RM
Balance at beginning and end of year	4,700	4,700

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

	The Group Deferred Tax Liability/(Asset)	
	2006 RM	2005 RM
Temporary differences arising from property, plant and equipment	10,800	10,800
Others	(6,100)	(6,100)
Net deferred tax liability	4,700	4,700

NOTES TO FINANCIAL STATEMENTS (cont.)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of June 30, 2006, 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	
	2006 RM	2005 RM	2006 RM	2005 RM
Tax effects of:				
Temporary differences arising from:				
Inventories	311,200	607,600	-	-
Receivables	1,446,900	343,100	-	-
Other investments	7,000	7,000	-	-
Unused tax losses	10,022,000	10,804,900	-	85,400
Unabsorbed capital allowances	13,900	258,361	-	-
	<u>11,801,000</u>	<u>12,020,961</u>	<u>-</u>	<u>85,400</u>
Net deferred tax assets				

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

29. SHARE CAPITAL

	The Group and The Company	
	2006 RM	2005 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	41,853,599	40,789,657
Issued during the year:		
Conversion of 5.5% ICULS 2002/2007	5,034	185,942
Private placement of ordinary shares	-	878,000
	<u>41,858,633</u>	<u>41,853,599</u>

(a) During the financial year, the issued and fully paid up share capital of the Company was increased from 41,853,599 ordinary shares of RM1 each to 41,858,633 ordinary shares of RM1 each by way of a conversion of RM7,200 nominal value of 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 into 5,034 new ordinary shares of RM1 each at a conversion price of RM1.43 per share.

The resulting share premium from the above conversion of ICULS amounting to RM2,166 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 FINANCIAL STATEMENTS (cont.)

(b) As of June 30, 2006, the outstanding Warrants 2005/2014 totalling 5,228,000 (2005: 5,228,000) 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	
	2006 RM	2005 RM	2006 RM	2005 RM
Non-distributable:				
Share premium	967,320	965,154	967,320	965,154
Accumulated loss	<u>(32,099,182)</u>	<u>(32,130,271)</u>	<u>(11,214,525)</u>	<u>(8,491,454)</u>
	<u>(31,131,862)</u>	<u>(31,165,117)</u>	<u>(10,247,205)</u>	<u>(7,526,300)</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	
	2006 RM	2005 RM
Balance at beginning of year	8,977,255	9,243,155
Conversion to share capital (Note 29)	<u>(7,200)</u>	<u>(265,900)</u>
Balance at end of year	<u>8,970,055</u>	<u>8,977,255</u>

Pursuant to the Trust Deed dated February 27, 2002 and the debt restructuring scheme 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.

As of June 30, 2006, 5,439,945 (2005: 5,432,745) ICULS 2002/2007 have been converted into 2,668,339 (2005: 2,663,305) new ordinary shares of RM1 each.

NOTES TO FINANCIAL STATEMENTS (cont.)

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;
- (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.

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	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	2,185,228	262,237	1,086	2,784
Fixed deposits with licensed banks	149,042	1,263,064	8,696	1,068,086
Bank overdrafts (Note 24)	(165,942)	(151,128)	-	-
	<u>2,168,328</u>	<u>1,374,173</u>	<u>9,782</u>	<u>1,070,870</u>
Less: Non cash and cash equivalents Fixed deposits with licensed banks (Note 21)	(8,696)	(1,068,086)	(8,696)	(1,068,086)
	<u>2,159,632</u>	<u>306,087</u>	<u>1,086</u>	<u>2,784</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.

(ii) Interest rate risk

The Group's significant interest bearing financial assets and financial liabilities are mainly its deposit placements, bank overdrafts, trust receipts and also its long term debt obligation comprising of term loans. The deposit placements and short-term borrowings as at balance sheet date, which bears interest at 2.79% (2005 : 2.92%) and 2.0% (2005: 2.0%) 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, 2006 are fixed and floating rate financial liabilities as disclosed in Note 27.

NOTES TO FINANCIAL STATEMENTS (cont.)

(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, 2006, 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.

Financial Assets

The Group's and the Company's principal financial assets are cash and bank balances, trade and other receivables and amounts owing by subsidiary companies.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. Financial liabilities of the Group and the Company include trade and other payables, amount owing to subsidiary companies, amount owing to former associated company, amount owing to directors, bank borrowings, term loans, hire-purchase and finance lease payables.

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	2006		2005	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Lease payables	-	-	2,190	2,190
Term loans	7,389,179	7,303,366	23,520,717	22,373,209
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
The Company	2006		2005	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Term loan	-	-	16,625,000	15,628,672
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

Cash and cash equivalents, trade and other receivables, inter-company indebtedness, trade and other payables, hire-purchase payables and bank borrowings

The fair values of these financial instruments approximate their carrying amounts due to the short maturities of these instruments.

NOTES TO FINANCIAL STATEMENTS (cont.)

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.

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.

The share options granted and exercised during the financial year are as follows:

Exercise Price	Balance at 1.7.2005	Granted	Exercised	Balance at 30.6.2006
<u>RM1.00</u>	<u>2,149,500</u>	<u>-</u>	<u>-</u>	<u>2,149,500</u>

36. PROFIT GUARANTEE

Pursuant to the listing of the Company on the Second Board of 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) on a non-renounceable basis to the shareholders of the Company other than the Guarantors and/or person connected to the Guarantors (Entitled Shareholders) at a date to be determined later; and
- (ii) Proposed offer by the Guarantors to purchase the Warrants from the Entitled Shareholders after the listing of the Warrants on Bursa Malaysia Securities Berhad.

(Collectively, referred to as the Proposed Settlement)

NOTES TO FINANCIAL STATEMENTS (cont.)

On January 21, 2004, the Company submitted the applications on the Proposed Settlement to the relevant authorities which have given their conditional approval to the Proposed Settlement vide their letter dated December 9, 2005.

The Securities Commission (referred to as the SC) vide its letter dated December 20, 2005 approved the Company's application for an extension of time until June 7, 2006 to complete the Proposed Settlement. Subsequently, an application was made on June 6, 2006 for an extension of time for a further six (6) months to December 7, 2006.

The SC vide its letter dated August 13, 2006 did not approve the application for the extension of time. The directors are deliberating on the next course of action in relation to the Proposed Settlement.

37. CONTINGENT LIABILITIES

As of June 30, 2006, the Company has issued secured corporate guarantees to a local licensed bank for term loan facilities totalling RM655,000 (2005: RM625,000) granted to a subsidiary company. Accordingly, the Company is contingently liable to the extent of term loan facilities utilised by the said subsidiary company.

STATEMENT BY DIRECTORS

The directors of **AHB HOLDINGS BERHAD** (formerly known as Artwright Holdings Berhad) state that, in their opinion, the accompanying balance sheets and the related 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 MASB 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, 2006 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,
October 16, 2006

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 **AHB HOLDINGS BERHAD** (formerly known as 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 16th day of
October, 2006.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

Location	Tenure	Description	Land Area (Sq. Ft.)	Net Book as at 30 June 2006 (RM'000)	Age of Building
Lot 1835 Jalan Maktab 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	Industrial land erected with a factory building	53,088	1,519	19 years

STATISTICS OF SHAREHOLDINGS AS AT 10 NOVEMBER 2006

Authorised Share Capital:	RM1,000,000,000.00
Issued and Fully Paid-up Capital:	RM41,858,633.00
Class of Shares:	Ordinary Shares of RM1.00 each
Voting Rights:	1 vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 10 NOVEMBER 2006

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	PERCENTAGE (%)
18	1 - 99	749	0.002
103	100 - 1,000	80,123	0.191
1,165	1,001 - 10,000	3,926,616	9.381
194	10,001 - 100,000	5,358,754	12.802
39	100,001 - 2,092,930 (*)	21,477,879	51.311
4	2,092,931 and above (**)	11,014,512	26.314
<u>1,523</u>		<u>41,858,633</u>	<u>100.00</u>

* Less than 5% of issued shares

** 5% and above of issued shares

STATISTICS OF SHAREHOLDINGS (cont.)

TOP 30 SHAREHOLDERS AS AT 10 NOVEMBER 2006

No.	Name of Shareholders	Number of Shares Held	Percentage (%)
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR YONG YOKE KEONG	3,864,000	9.231
2.	ISKANDAR HOLDINGS SDN BHD	2,513,280	6.004
3.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG	2,452,800	5.860
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG YOKE KEONG	2,184,432	5.219
5.	MALAYSIAN NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG	1,635,000	3.906
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND	1,558,600	3.723
7.	PERMODALAN NASIONAL BERHAD	1,498,500	3.580
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG CHEW KEAT	1,297,068	3.099
9.	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR PHEIM-AIZAWA ASIA FUND	1,100,000	2.628
10.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT	1,051,200	2.511
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ESPRIWASA SDN BHD	994,560	2.376
12.	CHENG KWAI LAN	890,298	2.127
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ISKANDAR HOLDINGS SDN BHD	781,440	1.867
14.	T-PROPS (MALAYSIA) SDN BHD	741,150	1.771
15.	CIMB BANK BERHAD	693,348	1.656
16.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PHEIM EMERGING COMPANIES	677,000	1.617
17.	THAVRON ASSOCIATES LIMITED	627,200	1.498
18.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT	581,502	1.389

STATISTICS OF SHAREHOLDINGS (cont.)

TOP 30 SHAREHOLDERS AS AT 10 NOVEMBER 2006

No.	Name of Shareholders	Number of Shares Held	Percentage (%)
19.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN	542,650	1.296
20.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR FORTIS BANQUE LUXEMBOURG	509,200	1.216
21.	HSBC NOMINEES (ASING) SDN BHD TNTC FOR GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD	500,000	1.194
22.	LEADER DEBUT SDN BHD	439,000	1.049
23.	TRIDENT TARGET SDN BHD	439,000	1.049
24.	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR THE VITTORIA FUND LIMITED	420,000	1.003
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR MAGNUM CORPORATION BHD	400,000	0.956
26.	AMMB NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR APEX DANA AL-SOFI-I	350,000	0.836
27.	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR FIVECA HOLDINGS LIMITED	340,000	0.812
28.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD PHEIM ASSET MANAGEMENT SDN BHD FOR PINTARAS JAYA BERHAD	330,000	0.788
29.	LEMBAGA TABUNG HAJI	322,500	0.770
30.	HSBC NOMINEES (ASING) SDN BHD HSBC-FS ASEAN EMERGING COMPANIES GROWTH FUND LTD	320,000	0.764

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2002/2007 ("ICULS")

ANALYSIS OF ICULS HOLDINGS AS AT 10 NOVEMBER 2006

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	PERCENTAGE (%)
4	1 - 99	253	0.003
92	100 - 1,000	88,884	0.991
53	1,001 - 10,000	289,792	3.231
26	10,001 - 100,000	662,800	7.389
8	100,001 - 448,501 (*)	1,460,600	16.283
4	448,502 and above (**)	6,467,726	72.104
187		8,970,055	100.00

* Less than 5% of issued ICULS

** 5% and above of issued ICULS

STATISTICS OF SHAREHOLDINGS (cont.)

TOP 30 ICULS AS AT 10 NOVEMBER 2006

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	3,618,820	40.343
2.	ABB NOMINEE (TEMPATAN) SDN BHD	1,931,706	21.535
3.	HO CHU CHAI	459,700	5.125
4.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	457,500	5.100
5.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	351,400	3.917
6.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN	281,000	3.133
7.	CHIEW LONG @ CHEW PUAN SWEE	163,200	1.819
8.	PM NOMINEES (TEMPATAN) SDN BHD PCB ASSET MANAGEMENT SDN BHD FOR MARY TAN @ TAN HUI NGOH	156,500	1.745
9.	GEE AH HING	143,000	1.594
10.	TAN LEE HWA	143,000	1.594
11.	TIAM SUEI CHONG	120,000	1.338
12.	TEOH BOON HAN @ TEONG BOON HONG	72,500	0.808
13.	HEE CHAN WA	53,300	0.594
14.	CHOONG YAT CHIN @ CHONG YAT CHIN	50,000	0.557
15.	DAN YUEN YU	48,000	0.535
16.	NEOH CHOU HIANG	42,900	0.478
17.	LIM CHIN HWA	42,300	0.472
18.	KHOO KIEN LING	40,000	0.446
19.	DAN SU WEI	35,000	0.390
20.	KOAY MOOI CHOON	34,300	0.382
21.	TEOH BOON HAN @ TEONG BOON HONG	30,000	0.334
22.	TAN KIM KHUAT	28,600	0.319
23.	LEE CHENG NGOR	27,000	0.301
24.	MAYBAN NOMINES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK KIN WAH	25,000	0.279
25.	TAN YONG LEE	21,600	0.241
26.	LING SWEE ING	20,000	0.223
27.	LOW BENG YEN	20,000	0.223
28.	TAN TIAN LYE	19,000	0.212
29.	LEE WHYE KIT	16,000	0.178
30.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON JYE YEE	15,000	0.167

STATISTICS OF SHAREHOLDINGS (cont.)

ANALYSIS OF WARRANTS HOLDINGS AS AT 10 NOVEMBER 2006

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	PERCENTAGE (%)
0	1 - 99	0	0.000
79	100 - 1,000	8,800	0.168
3	1,001 - 10,000	11,200	0.214
0	10,001 - 100,000	0	0.000
0	100,001 - 261,399 (*)	0	0.000
5	261,400 and above (**)	5,208,000	99.617
87		5,228,000	100.00

* Less than 5% of issued warrants

** 5% and above of issued warrants

TOP 30 WARRANTS AS AT 10 NOVEMBER 2006

No.	Name of Warrants Holders	Number of Warrants Held	Percentage (%)
1.	T-PROPS (MALAYSIA) SDN BHD	1,568,400	30.000
2.	LEADER DEBUT SDN BHD	1,139,000	21.787
3.	TRIDENT TARGET SDN BHD	1,139,000	21.787
4.	THAVRON ASSOCIATES LIMITED	631,600	12.081
5.	JF APEX NOMINEES (TEMPATAN) SDN BHD	480,000	9.181
6.	THAVRON ASSOCIATES LIMITED	250,000	4.782
7.	GINA GAN	5,000	0.096
8.	TRADE PIONEER LIMITED	4,100	0.078
9.	GOH ENG HOO	2,100	0.040
10.	CHOW HENG LIU	1,000	0.019
11.	ALBERT LEE WAY LEONG	100	0.002
12.	ANG YOON CHU @ ANG YOKE FONG	100	0.002
13.	AW TAI-JAK	100	0.002
14.	BERNICE LOW SUE LYN	100	0.002
15.	CHIA AH MOY @ CHIA CHEE ENG	100	0.002
16.	CHIANG HENG GIN	100	0.002
17.	CHONG FATT CHOY	100	0.002
18.	CHONG KOK YUEN	100	0.002

STATISTICS OF SHAREHOLDINGS (cont.)

TOP 30 WARRANTS AS AT 10 NOVEMBER 2006

No.	Name of Warrants Holders	Number of Warrants Held	Percentage (%)
19.	CHONG WAH PLASTICS SDN BHD	100	0.002
20.	CHONG WAI LING	100	0.002
21.	CHOO WOON KIET	100	0.002
22.	CHOY WEE HERNG	100	0.002
23.	CHOY YOT FAH	100	0.002
24.	CHUA YEE PING	100	0.002
25.	FAREEA MA CH'ING	100	0.002
26.	FOAM-PACKAGING INDUSTRIES SDN BHD	100	0.002
27.	FOK LAI CHING	100	0.002
28.	FONG YAW LAN	100	0.002
29.	FOO SAY KEOW	100	0.002
30.	GOH KOK LAM	100	0.002

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 10 NOVEMBER 2006

Name of Directors	— Direct —		— Indirect —	
	No. of Ordinary Shares held	%	No. of Ordinary Shares Held	%
Mirzan Mahathir	-	-	3,294,720 *	7.87
Yong Yoke Keong	10,150,269	24.25	-	-
Yong Chew Keat	2,929,770	7.00	-	-
Hee Teck Ming	1,500	0.004	-	-
Dato' Ong Kim Hoay	-	-	-	-

* Deemed interest by virtue of his interest in Iskandar Holdings Sdn Bhd

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 10 NOVEMBER 2006

Name of Substantial Shareholders	— Direct —		— Indirect —	
	No. of Ordinary Shares held	%	No. of Ordinary Shares Held	%
Yong Yoke Keong	10,150,269	24.25	-	-
Iskandar Holdings Sdn Bhd	3,294,720	7.87	-	-
Mirzan Mahathir	-	-	3,294,720 *	7.87
Yong Chew Keat	2,929,770	7.00	-	-

* Deemed interest by virtue of his interest in Iskandar Holdings Sdn Bhd

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Windows on KL 2, Level 30, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 22 December, 2006 at 3.30 p.m.

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the year ended 30 June 2006 and the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To re-elect Yong Yoke Keong, the Director retiring pursuant to Article 85 of the Company's Articles of Association. **Resolution 2**
3. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 3**

SPECIAL BUSINESS

4. To consider and if thought fit, pass the following Ordinary Resolution:-
Re-Appointment of Director
"THAT pursuant to Section 129 of the Companies Act, 1965, Dato' Ong Kim Hoay who is over seventy (70) years of age be and is hereby re-appointed Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Resolution 4**
5. To consider and if thought fit, pass the following Ordinary Resolution:-
Payment of Directors' Fees
"THAT the payment of Directors' fees totalling RM72,000.00 in respect of the financial year ended 30 June 2006 be and is hereby approved." **Resolution 5**
6. To consider and if thought fit, pass the following Ordinary Resolution:-
Authority for Directors to Issue Shares
"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 at the time of issue 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 to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**
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

29 November 2006
Kuala Lumpur

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (cont.)

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 Companies Act, 1965 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 NOTES ON SPECIAL BUSINESS

Resolution 4 - Re-Appointment of Director

This Ordinary Resolution, if passed, Dato' Ong Kim Hoay, an Independent Non-Executive Director of the Company who has attained 70 years of age, will be re-appointed as Director of the Company pursuant to Section 129 of the Companies Act, 1965 and will hold office until the conclusion of the next Annual General Meeting of the Company.

Resolution 5 - Payment of Directors' Fees

This Ordinary Resolution, if passed, will authorise the payment of Directors' fees to the Directors of the Company for their services rendered during the financial year ended 30 June 2006.

Resolution 6 - Authority for Directors to Issue Shares

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 at the time of issue. 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 THIRTEENTH ANNUAL GENERAL MEETING

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

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

- (a) Yong Yoke Keong

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 5 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 2006. Details of attendance of the Directors are set out on page 10 of this Annual Report.

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

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

<u>Date</u>	<u>Time</u>	<u>Place</u>
Friday, 22 December 2006	3.30pm	Windows on KL 2, Level 30 Crowne Plaza Mutiara Kuala Lumpur Jalan Sultan Ismail 50250 Kuala Lumpur

Artwright® + SpaceCom®

AHB HOLDINGS BERHAD (274909-A)
(Formerly known as Artwright Holdings Berhad)

THIRTEENTH 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 of **AHB HOLDINGS BERHAD (FORMERLY KNOWN AS ARTWRIGHT HOLDINGS BERHAD)** hereby appoint

_____ of _____
(Full name in block letters) *(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 Thirteenth Annual General Meeting of the Company to be held at Windows on KL 2, Level 30, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 22 December, 2006 at 3.30 p.m. 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 2006 and the Directors' and Auditors' Reports thereon.		
2. To re-elect Yong Yoke Keong retiring in accordance with Article 85 of the Company's Articles of Association.		
3. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS		
4. To re-appoint Dato' Ong Kim Hoay who is over the age of seventy (70) years in accordance with Section 129 of the Companies Act, 1965.		
5. To approve the payment of Directors' fees for the year ended 30 June 2006.		
6. 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 _____ 2006

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 Companies Act, 1965 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

AHB HOLDINGS BERHAD

(Formerly known as 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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(Formerly known as Artwright Holdings Berhad)

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