

AHB HOLDINGS BERHAD

274909-A



ANNUAL REPORT 2008

TABLE OF CONTENTS

TABLE OF CONTENTS

Page 2	Corporate Information
Page 3	Group Corporate Structure
Page 4	Chairman's Statement
Page 5	Board of Directors
Page 6	Audit Committee Report
Page 8	Corporate Governance Statement
Page 13	Financial Statements
Page 49	List of Properties
Page 49	Statistics of Shareholdings as at 11 November 2008
Page 53	Notice of Fifteenth Annual General Meeting
Page 54	Statement Accompanying Notice of Fifteenth Annual General Meeting
Page 56	Form of Proxy

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

(Retired on 27th December 2007)

(Re-appointed on 28th February 2008)

Lim Chee Hoong

Independent Non-Executive Director

Danny Ng Siew L'Leong

Independent Non-Executive Director

AUDIT COMMITTEE

Lim Chee Hoong

Chairman

Independent Non-Executive Director

Yong Yoke Keong

Managing Director / Chief Executive Officer

Danny Ng Siew L'Leong

Independent Non-Executive Director

COMPANY SECRETARY

Yeoh Chong Keat

(MIA 2736)

PRINCIPAL BANKERS

CIMB Bank Berhad

Alliance Bank Malaysia Berhad

HSBC Bank Malaysia Berhad

REGISTRARS

PFA Registration Services Sdn Bhd

Level 17, The Gardens North Tower

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Tel : 03-2264 3883

Fax : 03-2282 1886

AUDITORS

Deloitte KassimChan (AF0080)

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

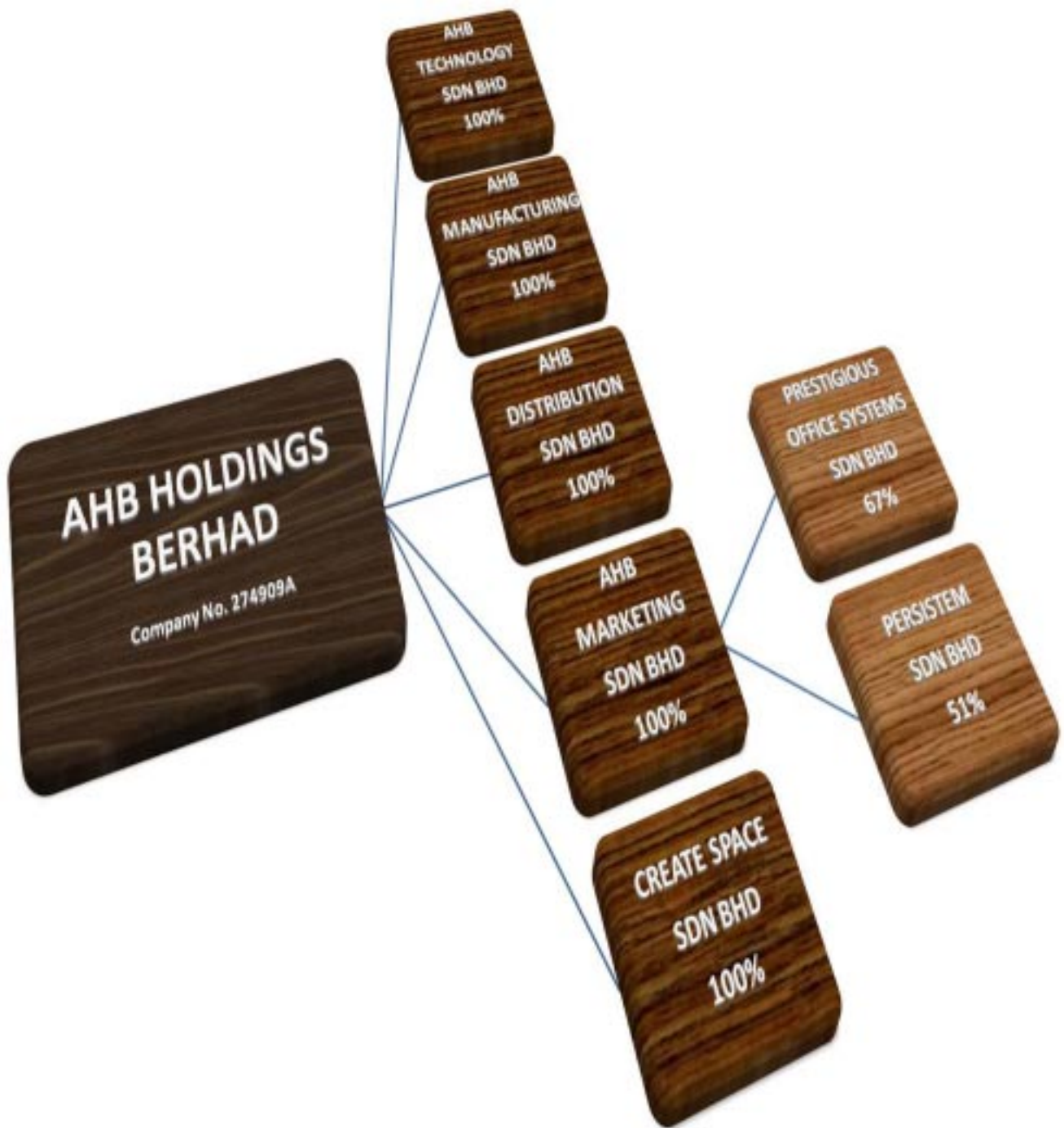
76, Jalan Raja Chulan

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 2008 Annual Report and Financial Statements of AHB Holdings Berhad ("AHB") for the financial year ended 30 June 2008.

In the preceding year, we had focused on our core business strategy to outsource much of our manufacturing while investing in information technology and human resource development. Our multi-sourcing strategy has enabled us to establish reliable supply chains leading to improved performance in flexibility, lead time responses and quality standards.

Today, we enhanced our abilities to deliver the exacting standards of Artwright products, and improved our customers' experiences with the successful implementation of this business strategy. Some of the notable projects during the year included the Petronas Twin Towers re-configuration project, and the offices of Times of India and BNP Paribas in India, Saudi Telecom in Saudi Arabia, and the Emirates Bank group in United Arab Emirates.

We have also introduced new products that have been positively accepted in our target markets. These new products will ensure sustainability in the face of the global financial crisis. Our dealership network worldwide is working on a series of marketing activities to achieve higher level of market penetration for these new product ranges. The company is cautiously optimistic that these new products will help us access additional market segments to improve our profit potential.

The Group recorded a turnover of RM 31.80 million for the financial year ended 30 June 2008 compared to RM 39.5 million in the preceding financial year. Our profit for the year is RM 1.14 million compared to a net loss of RM7.2 million in the preceding financial year. During the financial year, challenges in rising material costs caused by higher global commodity prices affected our performance. Steel, aluminium, and plastic are some of the key raw materials in our products that have a direct impact on our cost competitiveness. In addition, the appreciation of Ringgit Malaysia against US Dollar had also an impact on our revenue as the export sales contributed more than 70% of our total revenue. However, many of these challenges had substantially subsided recently. There would be improvements due to the more stable supply environment and the strengthening of the US Dollar.

We are pleased that our business strategy has a relatively low overhead cost and a flexible direct cost which enables us to weather any unforeseen softness in office furniture demand in our niche markets without the burden of the costs of capacity. This is an apparent benefit of our outsourcing business model.

Our dedication to the exacting standards of our products and our commitment to a professional service experience set the Artwright brand apart from its rivals. The Group is committed to continually explore and improve our product offerings to enhance the customer confidence in Artwright.

On the matter of protection of our natural environment, we shall ensure that the materials selected for use in our production process consists of a high percentage of recycled content so as to contribute to waste reduction. Our facility in Seri Kembangan has embarked on our commitment towards ISO 14001 certification. ISO 14001 is a voluntary scheme and management tool for organizations willing to evaluate, report and improve their environmental performance.

As we have always done in the past, we in AHB believe that we must do business with integrity wherever we are. As such, we will continue our efforts to inculcate a culture of good corporate governance within AHB.

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. We sincerely treasure 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.

Last but not least, I would like to place on record my gratitude and appreciation to my colleagues on the Board for their wise counsel and consultation.

Mirzan Mahathir
Chairman

BOARD OF DIRECTORS

Mirzan Mahathir, Malaysian, aged 50, is the Non-Independent Non-Executive Chairman of AHB Holdings Berhad (“AHB” or “the Company”) 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 as a director of several public listed companies on Bursa Malaysia. Currently he is the Chairman & CEO of Crescent Capital Sdn Bhd, a Malaysian investment holding and independent strategic and financial advisory firm which he founded. He is also on the board of directors of Worldwide Holdings Berhad. He is the Chairman of Malaysian Youth Orchestra Foundation and President of the Asian Strategy and Leadership Institute and a member of the UN/ESCAP Business Advisory Council, the American Bureau of Shipping Southeast Asia Committee and the Wharton Business School Asian Executive Board.

He does not have any family relationship with other Directors and/or major shareholders of the Company nor does he has any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years. En Mirzan Mahathir attended three (3) of the five (5) Board of Directors’ Meetings of the Company held during the financial year ended 30 June 2008.

.....
Yong Yoke Keong, Malaysian, aged 49, was appointed as Director of AHB on 3 May 1994 and is currently the Managing Director/Chief Executive Officer of the Group. He was appointed as a member of the Audit Committee on 28 May 2007. 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 Group. He has no conflict of interest with the Company and has not been convicted of any offence within the past 10 years. Mr. Yong Yoke Keong attended all the five (5) Board of Directors’ Meetings of the Company held during the financial year ended 30 June 2008.

Yong Chew Keat, Malaysian, aged 59, was appointed as Director of AHB on 3 May 1994 and retired at the Annual General Meeting held on 27 December 2007. However, he was reappointed as the Non-Independent Non-Executive Director of the Company on 28 February 2008. He is also the member of the Nomination and Remuneration Committees but he was resigned as a member of the Audit Committee on 28 May 2007. 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. He has no conflict of interest with the Company and has not been convicted of any offence within the past 10 years. Mr. Yong Chew Keat attended all the four (4) Board of Directors’ Meetings of the Company held during the financial year ended 30 June 2008.

.....
Lim Chee Hoong, Malaysian, aged 48, was appointed as an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee on 28 May 2007. He is also the member of the Nomination and Remuneration Committees. He is a member of the Malaysian Institute of Certified Public Accountants as well as the Malaysian Institute of Accountants. Presently, Mr. Lim is a practising accountant in Malaysia under Messrs LLTC (formerly known as Lim Tang & Partners). He is also a partner in LLT & Partners. Prior to that, Mr. Lim was attached to various firms and has more than 19 years experience in the field of accounting. He currently sits on the Board of Furniweb Industrial Products Berhad.

He does not have any family relationship with other Directors and/or major shareholders of the Company nor does he has any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years. Mr Lim Chee Hoong attended five (5) Board of Directors’ Meeting of the Company held following his appointment during the financial year ended 30 June 2008.

.....
Danny Ng Siew L’Leong, Malaysian, aged 50, was appointed as an Independent Non-Executive Director of the Company and the member of the Audit Committee on 28 May 2007. He is also the Chairman of the Nomination and Remuneration Committees. He graduated with a Bachelor degree in Agribusiness (Honours) with a major in Financial Management from University Pertanian Malaysia in 1982. He was with United Malayan Banking Corporation Berhad as a Credit Analyst for the central region from 1982 to 1986, as Accounts Manager of the Corporate Banking Department from 1986 to 1990, as Unit Head of the Northern Region of the Corporate Banking Department from 1990 to 1991, and as Head of Credit and Marketing for its Corporate Banking Department from 1991 to 1994. He currently sits on the Board of Loh & Loh Corporation Berhad, New Hoong Fatt Holdings Berhad and SMIS Corporation Berhad.

He does not have any family relationship with other Directors and/or major shareholders of the Company nor does he has any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years. Mr Ng Siew L’Leong attended five (5) Board of Directors’ Meeting of the Company held following his appointment during the financial year ended 30 June 2008.

AUDIT COMMITTEE REPORT

COMPOSITION

Lim Chee Hoong	-	Chairman, Independent Non-Executive Director
Yong Yoke Keong	-	Member, Managing Director/Chief Executive Officer
Danny Ng Siew L' Leong	-	Member, Independent Non-Executive Director

TERMS OF REFERENCE

Constitution

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

Membership

- The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members, a majority of whom shall be independent non-executive directors. A quorum requires the majority of members present to be independent non-executive directors.
- At least one member of the Committee
 - (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 cooperate with any request made by the Committee.
- The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders to attend the meetings where necessary.
- The Committee shall have unrestricted access to both the internal and external auditors and is able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Functions and Duties

The functions of the Committee shall be amongst others:-

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

AUDIT COMMITTEE REPORT (cont.)

- (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 Internal Auditor, other Board members and employees may also attend the Audit Committee meeting upon the invitation of the Committee.
- The Company Secretary or his nominee 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 Meetings and Attendance

During the financial year ended 30 June 2008, six (6) Audit Committee Meetings were held and the details of attendance of each member are as follows:-

Audit Committee Members	Dates of Audit Committee Meetings held during the financial year						Total meetings attended	Percentage of Attendance (%)
	23/08/07	27/08/07	30/10/07	27/11/07	28/02/08	27/05/08		
Llm Chee Hoong	V	V	V	V	V	V	6 / 6	100
Yong Yoke Keong	V	V	V	V	V	V	6 / 6	100
Danny Ng Siew L'Leong	V	V	V	V	V	V	6 / 6	100

Activities of the Audit Committee

During the financial year ended 30 June 2008, 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; and
- v. Discussed the audit findings and reviewed the audit report with the external auditors.

Internal Audit Function

It is the intention of the Internal Audit Department 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 Internal Audit Department 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.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors (“the Board”) of AHB 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 2008.

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, a Non-Independent Non-Executive Director 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 2008. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows:-

Directors	Dates of Board of Directors Meetings held during the financial year					Total meetings attended	Percentage of Attendance (%)
	27/08/07	30/10/07	27/11/07	28/02/08	27/05/08		
Mirzan Mahathir	V	X	X	V	V	3 / 5	60
Yong Yoke Keong	V	V	V	V	V	5 / 5	100
Yong Chew Keat*	V	V	V	N/A	V	4 / 4	100
Lim Chee Hoong	V	V	V	V	V	5 / 5	100
Danny Ng Siew L'Leong	V	V	V	V	V	5 / 5	100

Note :-

* Retired at the Annual General Meeting held on 27 December 2007 and re-appointed on 28 February 2008.

e) Appointment to the Board

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

Mr Danny Ng Siew L'Leong (Chairman, Independent Non-Executive Director)
Mr Lim Chee Hoong (Member, Independent Non-Executive Director)
Mr Yong Chew Keat (Member, Non-Independent Non-Executive Director)
(Resigned on 27 December 2007 and re-appointed on 28 February 2008)

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.

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

The new Directors appointed during the financial year ended 30 June 2008 had attended and completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia (RIIAM).

The Directors acknowledge their duty to comply with the training requirements as prescribed by Bursa Malaysia Securities Berhad 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.

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:-

Mr Danny Ng Siew L'Leong (Chairman, Independent Non-Executive Director)
Mr Lim Chee Hoong (Member, Independent Non-Executive Director)
Mr Yong Chew Keat (Member, Non-Independent Non-Executive Director)
(Retired on 27 December 2007 and re-appointed on 28 February 2008)

CORPORATE GOVERNANCE STATEMENT (cont.)

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 2008 are set out below:

Group	Fees RM	Salaries and Emoluments RM	Bonus and Red Packet RM	Other Emoluments RM	Total RM
Executive Director	24,000	-	-	398,407	422,407
Non-Executive Directors	92,000	-	-	-	92,000

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
Above RM200,000	1	-
	<u>1</u>	<u>4</u>

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.

b) Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 30 June 2008

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 2008, 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.

CORPORATE GOVERNANCE STATEMENT (cont.)

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

c) Internal Control

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

d) Relationship with the Auditors

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

CORPORATE SOCIAL RESPONSIBILITY

The Company recognises its corporate social responsibility commitments to its various stakeholders, which include investors, clients, suppliers, members of the local communities as well as its employees in which it operates. The Board of Directors of the Company and the Group will ensure that all pertinent matters relating to Corporate Social Responsibility are considered and supported in the Group's operations and administrative processes and are consistent with the Group's stakeholders' best interest.

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 2008 involving the Directors' and/or major shareholders' interest.

b) Imposition of Sanctions and/or Penalties

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 2008.

e) Share Buy-Back

There was no share buy-back carried out by the Company during the financial year.

f) Options / Warrants / Convertibles Securities

There were no options, warrants or convertible securities exercised during the financial year.

g) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company has not sponsored any ADR or GDR programme during the financial year ended 30 June 2008.

h) Variation in results

There were no material variance between the audited results for the financial year and the unaudited results previously announced.

i) Profit Estimate, Forecast or Projection

The Company did not make any release on the profit estimate, forecast or projection during the financial year.

j) Utilisation of Proceeds

There were no proceeds raised by the Group from any corporate proposals during the financial year.

CORPORATE GOVERNANCE STATEMENT (cont.)

k) Securities Commission Conditions imposed on AHB Holdings Berhad (“AHB”)

The Securities Commission (“SC”) has via 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.

l) Related Party Transactions

The details of the transactions with related parties undertaken by the Group during the financial year are disclosed in Note 19 of the Notes to the audited financial statements on page 39 of this Annual Report.

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 continual process for identifying, evaluating and managing the significant risks faced by the Group.

b) Risk Management

During the financial year, the Internal Control Department assisted the Audit Committee and Board of Directors on internal control assessments and checks. This provided assessments and feedback through:

- 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 Internal Control Department together with the company secretary assisted the Audit Committee and Board of Directors by providing assessment and feedback 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.
- Roles and responsibilities of delegated authority are clearly defined and set out in the Group’s policies 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 with the assistance of the Internal Control Department monitors remedial actions on internal control issues identified.

The Board will continue to take suitable steps to strengthen the control environment in which the Group operates in.

This Statement made in accordance with the Board of Directors’ Meeting held on 29 October 2008.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

- Page 14 Directors' Report
- Page 17 Independent Auditors' Report to the Members of AHB Holdings Berhad
- Page 18 Income Statements for the year ended June 30, 2008
- Page 19 Balance Sheets as of June 30, 2008
- Page 21 Statements of Changes in Equity for the year ended June 30, 2008
- Page 23 Cash Flow Statements for the year ended June 30, 2008
- Page 25 Notes to Financial Statements
- Page 48 Statement by Directors
- Page 48 Declaration by the Director Primarily Responsible for the Financial Management of The Company

DIRECTORS' REPORT

The directors of AHB 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, 2008.

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.

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
Loss before tax	(1,362,318)	(455,347)
Tax income	<u>2,500,000</u>	<u>-</u>
Profit/(Loss) for the year	<u>1,137,682</u>	<u>(455,347)</u>
Attributable to:		
Equity holders of the Company	1,198,337	
Minority interests	<u>(60,655)</u>	
	<u>1,137,682</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

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

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

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

DIRECTORS' REPORT (cont.)

The current worldwide financial turmoil may potentially cause economic difficulties and a slowdown in businesses in certain countries to which the Group markets its products. As a result, the operations and future performance of the Group may be affected by these uncertainties. The ultimate outcome of the uncertainties is not presently determinable and the financial statements do not include any adjustments that might result from the uncertainties.

Other than as stated above, at the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad debts or the amount of 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 which 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.

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 Directors who have held office during the financial year since the date of the last report are as follows:

Yong Yoke Keong
Mirzan bin Mahathir
Danny Ng Siew L' Leong
Lim Chee Hoong
Yong Chew Keat (retired on 27.12.2007; re-appointed on 28.2.2008)

In accordance with Article 85 of the Company's Articles of Association, En. Mirzan bin Mahathir retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Mr. Yong Chew Keat, who was re-appointed to the Board on February 28, 2008 retires in accordance with Article 92 of the Company's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS' REPORT (cont.)

DIRECTORS' INTEREST

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 as of 30.6.2008
	Balance as of 1.7.2007	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
Indirect interest				
Mirzan bin Mahathir	3,294,720	-	-	3,294,720

By virtue of their direct and indirect shareholdings 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.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might 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 29, 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AHB HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of AHB Holdings Berhad, which comprise the balance sheets as of June 30, 2008 of the Group and of the Company and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 47.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conduct our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of June 30, 2008 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act;
- (b) we are satisfied that the accounts 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (c) our auditors' report on the accounts 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

YEE YOON CHONG
Partner 1829/07/09 (J)
Chartered Accountant
October 29, 2008

INCOME STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	5	31,796,694	45,037,631	-	-
Other operating income	6	1,494,645	2,442,294	-	1,060,130
Purchase of trading merchandise		(19,611,358)	(27,952,941)	-	-
Changes in trading merchandise		(1,380,515)	857,094	-	-
Directors' remuneration	7	(514,407)	(399,872)	(116,000)	(58,000)
Staff costs	6	(2,660,387)	(3,048,202)	-	-
Depreciation of property, plant and equipment	11	(361,346)	(624,750)	-	-
Amortisation of intangible assets	15	(349,572)	(370,015)	-	-
Finance costs	8	(1,043,723)	(1,587,707)	(298,931)	(282,628)
Impairment loss on investment in subsidiary companies		-	-	-	(3,835,000)
Other operating expenses	6	(8,732,349)	(21,531,781)	(40,416)	(127,114)
Loss before tax		(1,362,318)	(7,178,249)	(455,347)	(3,242,612)
Tax income	9	2,500,000	-	-	-
Profit/(Loss) for the year		<u>1,137,682</u>	<u>(7,178,249)</u>	<u>(455,347)</u>	<u>(3,242,612)</u>
Attributable to:					
Equity holders of the company		1,198,337	(7,288,792)	(455,347)	(3,242,612)
Minority Interests		(60,655)	110,543	-	-
		<u>1,137,682</u>	<u>(7,178,249)</u>	<u>(455,347)</u>	<u>(3,242,612)</u>
Earnings/(Loss) per ordinary share (sen)					
Basic 10		<u>2.49</u>	<u>(16.68)</u>		
Fully diluted	10	<u>N/A</u>	<u>N/A</u>		

BALANCE SHEET AS AT JUNE 30, 2008

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	11	856,884	2,635,538	-	-
Goodwill on consolidation	12	2,120,422	2,120,422	-	-
Investment in subsidiary companies	13	-	-	34,005,922	34,005,922
Other investments	14	1,000	1,000	-	-
Intangible assets	15	-	349,572	-	-
Deferred tax asset	26	2,500,000	-	-	-
Total Non-current Assets		<u>5,478,306</u>	<u>5,106,532</u>	<u>34,005,922</u>	<u>34,005,922</u>
Current Assets					
Land and building held for sale	11	1,458,800	-	-	-
Inventories	16	8,227,888	8,225,384	-	-
Trade receivables	17	18,773,511	20,475,302	-	-
Other receivables and prepaid expenses	18	1,640,893	3,008,449	-	-
Tax recoverable		147,617	147,918	10,278	10,278
Amount owing by subsidiary companies	19	-	-	14,741,906	15,287,530
Fixed deposits, cash and bank balances	20	811,202	1,549,428	9,627	9,352
Total Current Assets		<u>31,059,911</u>	<u>33,406,481</u>	<u>14,761,811</u>	<u>15,307,160</u>
TOTAL ASSETS		<u>36,538,217</u>	<u>38,513,013</u>	<u>48,767,733</u>	<u>49,313,082</u>

BALANCE SHEET AS AT JUNE 30, 2008 (cont.)

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	21	48,131,398	48,131,398	48,131,398	48,131,398
Reserves	22	<u>(34,859,840)</u>	<u>(36,058,177)</u>	<u>(11,582,687)</u>	<u>(11,127,340)</u>
		13,271,558	12,073,221	36,548,711	37,004,058
Minority interest		<u>136,065</u>	<u>196,720</u>	<u>-</u>	<u>-</u>
Total Equity		<u>13,407,623</u>	<u>12,269,941</u>	<u>36,548,711</u>	<u>37,004,058</u>
Non-Current Liabilities					
Hire-purchase payables					
- non-current portion	24	-	5,924	-	-
Long term loans - non-current portion	25	4,362,116	1,815,810	1,489,054	-
Deferred tax liability	26	<u>4,700</u>	<u>4,700</u>	<u>-</u>	<u>-</u>
Total Non-current Liabilities		<u>4,366,816</u>	<u>1,826,434</u>	<u>1,489,054</u>	<u>-</u>
Current Liabilities					
Trade payables	27	563,423	996,582	-	-
Other payables and accrued expenses	27	14,136,179	15,271,063	807,251	767,060
Amount owing to subsidiary companies	19	-	-	8,974,786	8,974,786
Amount owing to directors	28	296,805	200,805	217,000	146,000
Bank borrowings	29	3,686,991	7,840,932	730,931	2,421,178
Hire-purchase payables					
- current portion	24	<u>80,380</u>	<u>107,256</u>	<u>-</u>	<u>-</u>
Total Current Liabilities		<u>18,763,778</u>	<u>24,416,638</u>	<u>10,729,968</u>	<u>12,309,024</u>
Total Liabilities		<u>23,130,594</u>	<u>26,243,072</u>	<u>12,219,022</u>	<u>12,309,024</u>
TOTAL EQUITY AND LIABILITIES		<u>36,538,217</u>	<u>38,513,013</u>	<u>48,767,733</u>	<u>49,313,082</u>

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2008 (cont.)

← Attributable to Equity Holders of the Company →

The Group		Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non- distributable Reserve- Share Premium RM	Accumulated Loss RM	Total RM	Minority Interest RM	Total RM																		
	Note																									
Balance as at July 1, 2006		41,858,633	8,970,055	967,320	(32,099,182)	19,696,826	86,177	19,783,003																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Income/(Expense) recognised directly in equity - Interest on ICULS</td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 5%; text-align: right;">(334,813)</td> <td style="width: 5%; text-align: right;">(334,813)</td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 5%; text-align: right;">(334,813)</td> </tr> <tr> <td>Loss for the year</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(7,288,792)</td> <td style="text-align: right;">(7,288,792)</td> <td style="text-align: right;">110,543</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(7,178,249)</td> </tr> </table>									Income/(Expense) recognised directly in equity - Interest on ICULS	-	-	-	(334,813)	(334,813)	-	-	(334,813)	Loss for the year	-	-	-	(7,288,792)	(7,288,792)	110,543	-	(7,178,249)
Income/(Expense) recognised directly in equity - Interest on ICULS	-	-	-	(334,813)	(334,813)	-	-	(334,813)																		
Loss for the year	-	-	-	(7,288,792)	(7,288,792)	110,543	-	(7,178,249)																		
Total recognised income and expenses			-	-	-	(7,623,605)	(7,623,605)	110,543																		
(7,513,062) Issue of shares:																										
Conversion of ICULS	21&23	6,272,765	(8,970,055)	2,697,290	-	-	-	-																		
Balance as at June 30, 2007		<u>48,131,398</u>	<u>-</u>	<u>3,664,610</u>	<u>(39,722,787)</u>	<u>12,073,221</u>	<u>196,720</u>	<u>12,269,941</u>																		
Balance as at July 1, 2007		48,131,398	-	3,664,610	(39,722,787)	12,073,221	196,720	12,269,941																		
Total recognised income and expenses																										
- Profit for the year		-	-	-	1,198,337	1,198,337	(60,655)	1,137,682																		
Balance as a June 30, 2008		<u>48,131,398</u>	<u>-</u>	<u>3,664,610</u>	<u>(38,524,450)</u>	<u>13,271,558</u>	<u>136,065</u>	<u>13,407,623</u>																		

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008 (cont.)

The Company		Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non- distributable Reserve- Share Premium RM	Accumulated Loss RM	Total RM
Balance as at July 1, 2006	Note	41,858,633	8,970,055	967,320	(11,214,525)	40,581,483
Income/(Expense) recognised directly in equity						
- Interest on ICULS		-	-	-	(334,813)	(334,813)
Loss for the year		-	-	-	(3,242,612)	(3,242,612)
Total recognised income and expenses						
		-	-	-	(3,577,425)	(3,577,425)
Issue of shares:						
Conversion of ICULS	21&23	6,272,765	(8,970,055)	2,697,290	-	-
Balance as at June 30, 2007		<u>48,131,398</u>	<u>-</u>	<u>3,664,610</u>	<u>(14,791,950)</u>	<u>37,004,058</u>
Balance as at July 1, 2007		48,131,398	-	3,664,610	(14,791,950)	37,004,058
Total recognised income and expenses						
- Loss for the year		-	-	-	(455,347)	(455,347)
Balance as at June 30, 2008		<u>48,131,398</u>	<u>-</u>	<u>3,664,610</u>	<u>(15,247,297)</u>	<u>36,548,711</u>

CASHFLOW STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit/(Loss) for the year	1,137,682	(7,178,249)	(455,347)	(3,242,612)
Adjustments for:				
Tax income	(2,500,000)	-	-	-
Allowance for doubtful debts:				
Trade receivables	5,385,280	5,862,852	-	-
Other receivables	-	1,289,072	-	-
Write-off of:				
Trade receivables	-	2,157,568	-	-
Inventories	-	1,791,020	-	-
Property, plant and equipment	-	162,370	-	-
Deposits	-	105,000	-	-
Other investments	-	25,000	-	-
Unrealised loss on foreign exchange	1,352,403	2,373,491	-	-
Finance costs	1,043,723	1,587,707	298,931	282,628
Allowance for inventory Obsolescence	-	850,000	-	-
Allowance for inventory obsolescence no longer required	(1,383,019)	-	-	-
Depreciation of property, plant and equipment	361,346	624,750	-	-
Amortisation of intangible assets	349,572	370,015	-	-
Accrued expenses no longer Required		-	(1,059,844)	-
(1,059,844)				
Gain on disposal of:				
Patents and trademarks	-	(680,394)	-	-
Property, plant and equipment	(64,200)	(34,169)	-	-
Interest income	(8,243)	(286)	-	(286)
Impairment loss on investment in subsidiary companies	-	-	-	3,835,000
Operating Profit/(Loss) Before Working Capital Changes	5,674,544	8,245,903	(156,416)	(185,114)
(Increase)/Decrease in:				
Inventories	1,380,515	(2,718,070)	-	-
Trade receivables	(5,035,892)	(7,255,963)	-	-
Other receivables and prepaid Expenses	1,367,556	(1,237,727)	-	-
Amount owing by subsidiary Companies	-	-	545,624	172,467
Increase/(Decrease) in:				
Trade payables	(433,159)	(143,221)	-	-
Other payables and accrued Expenses	(1,467,500)	3,072,094	40,191	448,657
Amount owing to subsidiary Companies	-	-	-	4,087
Amount owing to directors	96,000	(136,995)	71,000	(106,000)
Cash Generated From/(Used In) Operations	1,582,064	(173,979)	500,399	334,097
Income tax refunded/(paid)	301	(16,300)	-	-
Net Cash From/(Used In) Operating Activities	1,582,365	(190,279)	500,399	334,097

CASHFLOW STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008 (cont.)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Proceeds from disposal of patents and trademark	-	700,000	-	-
Proceeds from disposal of property, plant and equipment	64,200	49,425	-	-
Purchase of property, plant and equipment	<u>(41,492)</u>	<u>(84,484)</u>	<u>-</u>	<u>-</u>
Net Cash From Investing Activities	<u>22,708</u>	<u>664,941</u>	<u>-</u>	<u>-</u>
CASHFLOWS FROM/ (USED IN) FINANCING ACTIVITIES				
Finance costs paid	(711,107)	(589,885)	-	-
Interest on ICULS paid	-	(334,813)	-	(334,813)
Repayment of long-term loans	(1,511,019)	(272,860)	(500,124)	-
Payment of hire-purchase Payables	(32,800)	(15,535)	-	-
Interest received	<u>8,243</u>	<u>286</u>	<u>-</u>	<u>286</u>
Net Cash Used In Financing Activities	<u>(2,246,683)</u>	<u>(1,212,807)</u>	<u>(500,124)</u>	<u>(334,527)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(641,610)	(738,145)	275	(430)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,430,183</u>	<u>2,168,328</u>	<u>9,352</u>	<u>9,782</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	30 <u>788,573</u>	<u>1,430,183</u>	<u>9,627</u>	<u>9,352</u>

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of Bursa Malaysia Securities Berhad.

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

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

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

The 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.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on October 29, 2008.

2. BASIS OF PREPARATION OF THE 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 Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

The current worldwide financial turmoil may potentially cause economic difficulties and a slowdown in businesses in certain countries to which the Group markets its products. As a result, the operations and future performance of the Group may be affected by these uncertainties. The ultimate outcome of the uncertainties is not presently determinable and the financial statements do not include any adjustments that might result from the uncertainties.

The financial statements are expressed in Ringgit Malaysia.

Adoption Of New And Revised Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the revised Financial Reporting Standards ("FRS"), Amendments and Interpretations issued by MASB that are relevant to their operations and effective for periods beginning on or after 1 July 2007 (except for FRS 117 and FRS 124 which became effective for periods beginning on or after 1 October 2006) as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

NOTES TO FINANCIAL STATEMENTS (cont.)

The above FRSs, amendment to FRSs and IC Interpretations shall apply to annual periods beginning on or after 1 July 2007 (except for FRS 117 and FRS 124 which became effective for periods beginning on or after 1 October 2006) except for the following renamed FRSs which have the same effective dates as their original Standards, i.e., annual periods beginning on or after 1 January 2003:

- (a) FRS 119 Employee Benefits, which supersedes FRS 119₂₀₀₄ Employee Benefits and Amendment to FRS119₂₀₀₄ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures;
- (b) FRS 126 Accounting and Reporting by Retirement Benefit Plans, which supersedes FRS 126₂₀₀₄ Accounting and Reporting by Retirement Benefit Plans; and
- (c) FRS 129 Financial Reporting in Hyperinflationary Economies, which supersedes FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies.

The adoption of the abovementioned revised FRSs, amendment and interpretation do not have any material financial effect on the results of the Group and of the Company for the current and prior financial years and have not resulted in substantial changes to the Group's and the Company's accounting policies.

Accounting Standards Issued but Not Yet Effective

FRS 139 "Financial Instruments: Recognition and Measurement" is effective for accounting periods beginning on or after January 1, 2010. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard for their financial year beginning July 1, 2010.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

3. SIGNIFICANT GROUP 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

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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, 2008.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method, the difference between the fair value of the cost of acquisition of subsidiary companies and the Group's share of the fair value of the identifiable net assets of subsidiaries acquired is included in the consolidated financial statements as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiaries acquired, the difference is recognised directly in the income statement.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The gain or loss on disposal of a subsidiary of the Group is the difference between net disposal proceeds and the Group's share of its net assets with any unamortised balance of goodwill on consolidation.

NOTES TO FINANCIAL STATEMENTS (cont.)

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. Minority interest is measured at the minorities' share of the fair values of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. The principal closing rates used in conversion of foreign currency amounts are as follows:

	30.6.2008	30.6.2007
Foreign currency	RM	RM
1 United States Dollar	3.27	3.46
1 Singapore Dollar	2.40	2.25
100 Japanese Yen	3.07	2.80

Income Tax

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is accounted for, using the "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 deferred tax assets can be utilised.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

NOTES TO FINANCIAL STATEMENTS (cont.)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset or Cash-Generating Unit ("CGU") exceeds its recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and value in use. For the purpose of assessing impairment, the Group estimates the recoverable amount of the CGU to which the assets belongs. Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed.

An impairment loss is only reversed to the extent that the asset's carrying amount 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 is recognised in the income statement, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The costs of property, plant and equipment comprise their purchase costs and any expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

Freehold land is not amortised as it has an infinite life. Depreciation of other assets is calculated so as to write off the costs of the assets to their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates are:

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%

The residual value and the useful life of an asset are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit/(loss) from operations.

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.

NOTES TO FINANCIAL STATEMENTS (cont.)

Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell.

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.

Intangible assets

(a) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(b) 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.

(c) 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.

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.

Investments

Investments in subsidiary companies, which are eliminated on consolidation, are shown at cost in the Company's financial statements. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

Investments in quoted 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.

NOTES TO FINANCIAL STATEMENTS (cont.)

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statements.

Inventories

Inventories, which comprise raw materials and trading merchandise, are stated at the lower of cost and net realisable value, cost being determined on the weighted average method. 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

Receivables are 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.

Borrowings

Borrowings are initially recognised based on the proceeds received. In subsequent periods, borrowings are stated with accumulated outstanding interest and net of repayment during the period. Portions repayable after 12 months are disclosed as non-current liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Employee Benefits

- (a) Short term benefits
Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences for paid annual leave when services are rendered by employees that increase their entitlement to future compensated absences are recognised based on the experience that absences will occur.
- (b) Defined contribution plan
The Group is required by law to make monthly contributions to the Employees Provident Fund (EPF), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. The Group's contributions to EPF are disclosed separately. The employees' contributions to EPF are included in salaries and wages.

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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) **Critical judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

Deferred tax

Deferred tax asset is recognised for unused tax losses to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was RM2,120,422 (2007:RM2,120,422). Based on a review of estimated future cash flow, management believes that no impairment loss need to be recognised during the current financial year.

Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables. As at June 30, 2008, allowances for doubtful debts for trade and other receivables have been disclosed in Notes 17 and 18 respectively.

5. REVENUE

	The Group	
	2008 RM	2007 RM
Sales of drafting equipment, office furniture and specialised computer furniture	<u>31,796,694</u>	<u>45,037,631</u>

NOTES TO FINANCIAL STATEMENTS (cont.)

6. OTHER OPERATING INCOME/(EXPENSES) Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Accrued expenses no longer required	-	1,059,844	-	1,059,844
Gain on disposal of :				
Patents and trademarks	-	680,394	-	-
Property, plant and equipment	64,200	34,169	-	-
Interest income on fixed deposits with licensed banks	8,243	286	-	286
Allowance for doubtful debts:				
Trade receivables - net	(5,385,280)	(5,862,852)	-	-
Other receivables	-	(1,289,072)	-	-
Write-off of:				
Trade receivables	-	(2,157,568)	-	-
Inventories	-	(1,791,020)	-	-
Property, plant and equipment	-	(162,370)	-	-
Deposits	-	(105,000)	-	-
Other investments	-	(25,000)	-	-
Foreign exchange loss:				
Unrealised	(1,352,403)	(2,373,491)	-	-
Realised	(9,190)	(927,359)	-	-
Allowance for inventory obsolescence	-	(850,000)	-	-
Allowance for inventory obsolescence no longer required	1,383,019	-	-	-
Rental of premises	(315,800)	(374,850)	-	-
Audit fee:				
Current year	(120,000)	(82,500)	(35,000)	(14,500)
Underprovision in prior Year	-	(4,450)	-	-

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 RM239,206 (2007: RM308,361).

7. DIRECTOR'S REMUNERATION

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Company's directors				
Executive directors:				
Fees	24,000	24,000	24,000	24,000
Other emoluments	355,663	294,544	-	-
EPF contributions	42,744	47,328	-	-
	422,407	365,872	24,000	24,000
Non-executive directors:				
Fees	92,000	34,000	92,000	34,000
	514,407	399,872	116,000	58,000

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to approximately RM13,513 (2007: RM15,125).

Remuneration of executive directors, who are the key management personnel, are as disclosed above.

NOTES TO FINANCIAL STATEMENTS (cont.)

8. FINANCE COSTS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest on:				
Long-term loans	418,564	558,122	13,606	-
Other payables	332,617	715,194	-	-
Hire-purchase	3,188	3,188	-	-
Bank overdrafts	1,561	16,794	-	-
Trust receipts	285,325	282,628	285,325	282,628
Others	2,468	11,781	-	-
	<u>1,043,723</u>	<u>1,587,707</u>	<u>298,931</u>	<u>282,628</u>

9. TAX INCOME

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current:				
Estimated tax payable	-	-	-	-
Deferred tax (Note 26)	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

The tax income for the year can be reconciled to the loss before tax shown in the income statements as follows:

	The Group	
	2008 RM	2007 RM
Loss before tax	<u>(1,362,318)</u>	<u>(7,178,249)</u>
(Tax loss)/Tax at applicable tax rate:		
20% on the first RM500,000 of chargeable income	(100,000)	(100,000)
26% on the balance of chargeable income	(224,203)	(1,803,127)
Tax effects of:		
Non deductible expenses	697,403	299,085
Income not subject to tax	-	(286,158)
Deferred tax assets not recognised	-	1,890,200
Recognition and realisation of deferred tax assets not recognised in prior years	<u>(2,873,200)</u>	<u>-</u>
Tax income	<u>(2,500,000)</u>	<u>-</u>

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 1 August 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, 2008, 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 (2007: 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, 2008, the cumulative reinvestment allowances claimed and utilised by the said subsidiary company totalled RM15,901,000 (2007: RM15,901,000), and is subject to agreement by the Inland Revenue Board.

NOTES TO FINANCIAL STATEMENTS (cont.)

In prior 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.

10. EARNINGS/(LOSS) PER ORDINARY SHARE

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

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

	The Group	
	2008 RM	2007 RM
Profit/(Loss) for the year	<u>1,198,337</u>	<u>(7,288,792)</u>
Number of ordinary shares at beginning of year	48,131,398	41,858,633
Effect of ordinary shares issued pursuant to conversions of 5.5% ICULS 2002/2007	<u>-</u>	<u>1,842,653</u>
Weighted average number of ordinary shares in Issue	<u>48,131,398</u>	<u>43,701,286</u>
Basic earnings/(loss) per ordinary share (sen)	<u>2.49</u>	<u>(16.68)</u>

(b) Fully diluted earnings/(loss) per ordinary share

Fully diluted earnings/(loss) per ordinary share is calculated by dividing the adjusted profit/(loss) for the year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The diluted earnings/(loss) per ordinary share of the Group in 2008 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 Warrants 2004/2014 to ordinary shares.

The diluted earnings/(loss) per ordinary share of the Group in 2007 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 2004/2014 and conversion of the 5.5% ICULS 2002/2007 to ordinary shares.

The effect in both years would be anti-dilutive to earnings/(loss) per ordinary share.

NOTES TO FINANCIAL STATEMENTS (cont.)

11. PROPERTY, PLANT AND EQUIPMENT The Group

	Freehold land	Warehouse, building and renovations	Plant and machinery	Tools, equipment and moulds	Office and computer equipment, furniture and fittings	Office and computer equipment, furniture and fittings and air-conditioners	Motor vehicles	Motor vehicles under hire-purchase	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as of July 1, 2006	412,500	2,051,158	21,449	3,227,751	11,739,485	102,149	896,344	358,376	18,809,212
Additions	-	-	-	18,000	66,484	-	-	-	84,484
Disposals	-	(1,750)	-	(28,169)	(889,927)	-	(117,510)	-	(1,037,356)
Written off	-	(21,610)	-	(2,392,567)	(1,109,956)	-	-	-	(3,524,133)
Balance as of June 30, 2007/ July 1, 2007	412,500	2,027,798	21,449	825,015	9,806,086	102,149	778,834	358,376	14,332,207
Additions	-	-	27,060	-	14,432	-	-	-	41,492
Disposals	-	-	-	-	-	-	(412,833)	(90,417)	(503,250)
Reclassification	-	-	-	-	102,149	(102,149)	105,841	(105,841)	-
Reclassified as asset held for sale	(412,500)	(1,974,547)	-	-	-	-	-	-	(2,387,047)
Balance as of June 30, 2008	-	53,251	48,509	825,015	9,922,667	-	471,842	162,118	11,483,402
Accumulated Depreciation									
Balance as of July 1, 2006	-	844,792	8,004	2,626,158	10,692,440	87,990	896,344	300,054	15,455,782
Charge for the year	-	71,972	2,025	84,363	445,165	85	-	21,140	624,750
Disposals	-	(1,750)	-	(24,963)	(877,877)	-	(117,510)	-	(1,022,100)
Written off	-	(8,644)	-	(2,263,054)	(1,090,065)	-	-	-	(3,361,763)
Balance as of June 30, 2007/ July 1, 2007	-	906,370	10,029	422,504	9,169,663	88,075	778,834	321,194	11,696,669
Charge for the year	-	50,974	3,006	79,809	206,983	-	-	20,574	361,346
Disposals	-	-	-	-	-	-	(412,833)	(90,417)	(503,250)
Reclassification	-	-	-	-	88,075	(88,075)	105,841	(105,841)	-
Reclassified as asset held for sale	-	(928,247)	-	-	-	-	-	-	(928,247)
Balance as of June 30, 2008	-	29,097	13,035	502,313	9,464,721	-	471,842	145,510	10,626,518

NOTES TO FINANCIAL STATEMENTS (cont.)

11. PROPERTY, PLANT AND EQUIPMENT The Group

	Freehold land RM	Warehouse, building and renovations RM	Plant and machinery RM	Tools, equipment and moulds RM	Office and computer equipment, furniture and fittings and air-conditioners RM	Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase RM	Motor vehicles under hire-purchase RM	Total RM
Net Book Value								
Balance as of June 30, 2008	-	24,154	35,474	322,702	457,946	-	16,608	856,884
Balance as of June 30, 2007	412,500	1,121,428	11,420	402,511	636,423	14,074	37,182	2,635,538

Included under property, plant and equipment of the Group as of June 30, 2008 are fully depreciated assets which are still in use, with costs totalling RM9,176,316 (2007: RM7,714,504).

The freehold land and warehouse of the Group with a net book value of RM1,458,800 (2007: RM1,456,085) are charged to certain local banks to secure termed-out loans as mentioned in Note 25.

During the financial year, the Group entered into a sale and purchase agreement with a third party to dispose of the freehold land and warehouse for a consideration of RM2,600,000 pursuant to conditions imposed by the banks on the rescheduling of the termed-out loan as disclosed in Note 24. The said disposal is pending completion as of June 30, 2008 and accordingly, the freehold land and warehouse with a net book value of RM1,458,800 have been reclassified as assets held for sale under current asset.

NOTES TO FINANCIAL STATEMENTS (cont.)

12. GOODWILL ON CONSOLIDATION

	The Group	
	2008 RM	2007 RM
Goodwill on consolidation	<u>2,120,422</u>	<u>2,120,422</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the cash-generating unit ("CGU"), being the trading units of the Group, is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the profit forecasts approved by the Board of Directors for the next five years based on growth rates ranging from 11% to 15%.

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2008 RM	2007 RM
Unquoted shares, at cost	41,420,922	41,420,922
Less: accumulated impairment losses	<u>(7,415,000)</u>	<u>(7,415,000)</u>
	<u>34,005,922</u>	<u>34,005,922</u>

As of June 30, 2008, 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 RM9,329,590 (2007: RM15,235,000). Considering the future prospects and profitability of the subsidiary companies, the directors are of the opinion that no impairment in the value of the investment has occurred and therefore no further allowance for impairment loss is required to be made in respect of investment in subsidiary companies in the financial statements of the Company during the financial year.

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

Subsidiary Companies	Effective Equity Interest	Principal Activities
	2008 and 2007	
AHB Technology Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products.
AHB Marketing Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products
AHB 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
AHB Distribution 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.

NOTES TO FINANCIAL STATEMENTS (cont.)

14. OTHER INVESTMENTS

	The Group	
	2008 RM	2007 RM
Quoted shares - At cost	1,000	1,000
Market value of quoted shares	766	675

15. INTANGIBLE ASSETS

The Group

	Patents and Trademarks RM	Research and Development RM	Total RM
Cost			
Balance as of July 1, 2006	637,883	4,259,926	4,897,809
Disposals	(637,883)	-	(637,883)
Balance as of June 30, 2007/July 1, 2007/June 30, 2008	-	4,259,926	4,259,926
Accumulated amortisation			
Balance as of July 1, 2006	595,704	3,562,912	4,158,616
Charge for the year	22,573	347,442	370,015
Disposals	(618,277)	-	(618,277)
Balance as of June 30, 2007/ July 1, 2007	-	3,910,354	3,910,354
Charge for the year	-	349,572	349,572
Balance as of June 30, 2008	-	4,259,926	4,259,926
Net			
Balance as of June 30, 2008	-	-	-
Balance as of June 30, 2007	-	349,572	349,572

16. INVENTORIES

	The Group	
	2008 RM	2007 RM
At cost:		
Raw materials	-	988,260
Trading merchandise	8,806,298	9,198,553
	8,806,298	10,186,813
Less: Allowance for inventory obsolescence	(578,410)	(1,961,429)
	8,227,888	8,225,384

NOTES TO FINANCIAL STATEMENTS (cont.)

17. TRADE RECEIVABLES

	The Group	
	2008 RM	2007 RM
Trade receivables	37,802,730	34,119,241
Less: Allowance for doubtful debts	<u>(19,029,219)</u>	<u>(13,643,939)</u>
	<u>18,773,511</u>	<u>20,475,302</u>

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on trade receivables is normally 30 days (2007: 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.

Trade receivables amounting to RMNil (2007: RM782,933) have been written off against allowance for doubtful debts during the financial year.

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

	2008 RM	2007 RM
Ringgit Malaysia	16,526,453	19,982,692
United States Dollar	<u>21,276,277</u>	<u>14,136,549</u>
	<u>37,802,730</u>	<u>34,119,241</u>

18. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	2,621,758	3,964,715	-	-
Less : Allowance for doubtful debts	<u>(1,289,072)</u>	<u>(1,289,072)</u>	-	-
	1,332,686	2,675,643	-	-
Refundable deposits	<u>308,207</u>	<u>332,806</u>	-	-
	<u>1,640,893</u>	<u>3,008,449</u>	-	-

19. INTERCOMPANY TRANSACTIONS Amount owing by/(to) subsidiary companies arose mainly from management fees charged in prior financial years, and advances and payments made on behalf. These amounts are unsecured, interest-free and have no fixed terms of repayment. The significant outstanding balances owing by/(to) subsidiary companies arising from non-trade transactions are as follows:

	The Group	
	2008 RM	2007 RM
Subsidiary companies		
Interest-free advances and expenses paid on behalf	5,767,120	6,207,841
Management fee receivable	<u>-</u>	<u>104,903</u>

NOTES TO FINANCIAL STATEMENTS (cont.)

20. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	8,982	149,328	8,982	8,982
Cash and bank balances	802,220	1,400,100	645	370
	<u>811,202</u>	<u>1,549,428</u>	<u>9,627</u>	<u>9,352</u>

The above fixed deposits earn interest at 2.79% (2007: 2.79%) per annum and have an average maturity of 365 days (2007: 365 days).

21. SHARE CAPITAL

	The Group and The Company	
	2008 RM	2007 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	48,131,398	41,858,633
Issued during the year:		
Conversions of 5.5% ICULS 2002/2008	<u>-</u>	<u>6,272,765</u>
Balance at end of year	<u>48,131,398</u>	<u>48,131,398</u>

- (a) The Company issued free detachable warrants for the issuance of new ordinary shares through a private placement in 2005 (Warrants 2004/2014). As of June 30, 2008, the outstanding Warrants 2005/2014 totalling 5,228,000 (2007: 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;
- (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 2004/2014 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 2004/2014.

NOTES TO FINANCIAL STATEMENTS (cont.)

22. RESERVES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable:				
Share premium	3,664,610	3,664,610	3,664,610	3,664,610
Accumulated loss	<u>(38,524,450)</u>	<u>(39,722,787)</u>	<u>(15,247,297)</u>	<u>(14,791,950)</u>
	<u>(34,859,840)</u>	<u>(36,058,177)</u>	<u>(11,582,687)</u>	<u>(11,127,340)</u>

Share premium

Share premium arose from issuance of shares and conversion of ICULS in prior years, net of bonus issue and share issue expenses.

23. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	The Group and The Company	
	2008 RM	2007 RM
Balance at beginning of year	-	8,970,055
Conversion to share capital (Note 21)	<u>-</u>	<u>(8,970,055)</u>
Balance at end of year	<u>-</u>	<u>-</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 2002/2007 (ICULS) at a nominal value of RM1 each for the settlement of debts to the Group's unsecured creditors.

The salient features of the ICULS are as follows:

- (a) The ICULS bear interest at 5.5% per annum and is payable semi-annually on June 30 and December 31 of each year;
- (b) The ICULS 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;
- (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 are for a period of five (5) years maturing on March 5, 2007; and
- (e) Unless previously converted, all outstanding ICULS will be mandatorily converted into new ordinary shares of RM1 each at the conversion price on the maturity date.

NOTES TO FINANCIAL STATEMENTS (cont.)

24. HIRE-PURCHASE PAYABLES

	The Group	
	2008 RM	2007 RM
Total installments outstanding	80,891	116,879
Less: Interest-in-suspense	<u>(511)</u>	<u>(3,699)</u>
Principal outstanding	80,380	113,180
Less: Amount due within 12 months (shown under current liabilities)	<u>(80,380)</u>	<u>(107,256)</u>
Non-current portion	<u>-</u>	<u>5,924</u>

The non-current portion is repayable as follows:

	The Group	
	2008 RM	2007 RM
Within 1 - 2 years	<u>-</u>	<u>5,924</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 obligations is about 3 to 5 years. The interest rate implicit in the hire-purchase obligations is 6.38% (2007: 6.38%) per annum.

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

25. LONG-TERM LOANS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Termed-out loans	4,687,969	5,774,211	-	-
Term loans	<u>3,338,509</u>	<u>1,342,108</u>	<u>2,219,985</u>	<u>-</u>
Total principal outstanding	8,026,478	7,116,319	2,219,985	-
Less: Amount due within 12 months (Note 29)	<u>(3,664,362)</u>	<u>(5,300,509)</u>	<u>(730,931)</u>	<u>-</u>
Non-current portion	<u>4,362,116</u>	<u>1,815,810</u>	<u>1,489,054</u>	<u>-</u>

The non-current portion is repayable as follows:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
2009	-	1,815,810	-	-
2010	3,589,165	-	432,000	-
2011	510,104	-	432,000	-
2012	<u>262,847</u>	<u>-</u>	<u>625,054</u>	<u>-</u>

The Company

During the financial year, the Company restructured its trust receipts facility to a new term loan. This new term loan bears interest at 2.5% above the base lending rate and is repayable in 36 monthly installments of RM36,000 each commencing on July 2008. The new term loan is secured by a personal guarantee of a director and a corporate guarantee of one of its subsidiary companies.

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 of a subsidiary company is termed-out. This termed-out loan bears interest at a rate of 3.0% (2007: 1%) above the base lending rate or 1.5% above the cost of funds per annum.

NOTES TO FINANCIAL STATEMENTS (cont.)

During the financial year, the subsidiary company fully settled an outstanding amount of RM35,311, including interest of one of the termed-out loans.

During the financial year, the said subsidiary company has rescheduled the repayment of the remaining termed-out loans outstanding. The principal amount outstanding, including interest, shall be repayable by way of a monthly instalment of RM79,000 and RM40,000 commencing July 20, 2007 and October 31, 2008 respectively. The subsidiary company is also obligated to dispose of its freehold land and warehouse within the next 12 months as a condition of acceptance of the rescheduling of the said termed-out loan by the bank.

During the financial year, the said subsidiary company has also rescheduled the repayment of its term loans outstanding. The principal amount outstanding, including interest, shall be repayable by way of 12 monthly installments of RM64,000 and RM5,200 commencing July 20, 2007 and June 30, 2008 respectively.

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

The termed-out 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. The terms loans are secured by a third party legal charge over a piece of industrial land and building registered in the names of a director and a close family member of certain directors of the Company.

26. DEFERRED TAX ASSET/(LIABILITY)

Deferred Tax Asset

	The Group	
	2008 RM	2007 RM
Balance at beginning of year	-	-
Transfer from income statement	2,500,000	-
Balance at end of year	2,500,000	-

The deferred tax asset of the Group which is calculated at the current tax rate, has been recognised in the financial statements as the directors are reasonably certain that the asset is realisable based on the estimated future profitability.

The deferred tax asset recognised is in respect of the tax effects of the following:

	The Group	
	Deferred Tax Asset	
	2008 RM	2007 RM
Tax effects of unused tax losses	2,500,000	-

Deferred Tax Liability

	The Group	
	Deferred Tax Liability	
	2008 RM	2007 RM
Balance at beginning and end of year	4,700	4,700

NOTES TO FINANCIAL STATEMENTS (cont.)

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

	The Group Deferred Tax Liability/(Asset)	
	2008	2007
	RM	RM
Temporary differences arising from property, plant and equipment	10,800	10,800
Others	(6,100)	(6,100)
	<u>4,700</u>	<u>4,700</u>
Net deferred tax liability	<u>4,700</u>	<u>4,700</u>

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, 2008, the amount of net deferred tax asset, 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:

	The Group Deferred Tax Assets/(Liabilities)	
	2008	2007
	RM	RM
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	(148,600)	(193,000)
Inventories	150,000	510,000
Receivables	5,226,300	4,148,500
Unused tax losses	4,788,700	8,409,800
Unabsorbed capital allowances	15,500	29,800
	<u>10,031,900</u>	<u>12,905,100</u>
Net deferred tax assets	<u>10,031,900</u>	<u>12,905,100</u>

27. 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 days (2007: 30 to 100 days). Analysis of foreign currency exposure profile of trade payables is as follows:

	The Group	
	2008	2007
	RM	RM
Ringgit Malaysia	563,423	853,264
Singapore Dollar	-	143,318
	<u>563,423</u>	<u>996,582</u>

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other payables	11,383,730	13,267,036	-	-
Accrued expenses	2,752,449	2,004,027	807,251	767,060
	<u>14,136,179</u>	<u>15,271,063</u>	<u>807,251</u>	<u>767,060</u>

NOTES TO FINANCIAL STATEMENTS (cont.)

Included in other payables as of June 30, 2008 is an amount of RM10,957,498 (2007: RM10,957,498) owing to a former associated company arising from trade transactions in prior financial years. Pursuant to a settlement agreement entered into with the said former associated company in 2005, the aforesaid amount was to be repayable in four installments 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 RM1,957,498 on or before December 31, 2006. Any amount still outstanding after December 31, 2006 bears interest at 6.375% per annum. During the financial year, no payment has been made by the Group towards the said settlement agreement as the directors are negotiating with the former associated company to defer the repayments. Accrued expenses of the Group and of the Company in 2008 and 2007 comprise mainly accrued loan interest.

28. AMOUNT OWING TO DIRECTORS

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

29. BANK BORROWINGS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Long-term loans - current portion (Note 25)	3,664,362	5,300,509	730,931	-
Bank overdrafts (Note 30)	22,629	119,245	-	-
Trust receipts	-	2,421,178	-	2,421,178
	<u>3,686,991</u>	<u>7,840,932</u>	<u>730,931</u>	<u>2,421,178</u>

The Company has credit facilities totalling RM4,900,000 (2007: RM6,300,000) obtained from a local bank. This facility is secured by inward letter of credit and irrevocable letter of instruction from the Company to customer to make payment into escrow account of the Company maintained with the bank.

A subsidiary company has bank overdrafts and other credit facilities totalling RM175,000 (2007: 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 of the Company bear interest at 2% (2007: 2%) per annum above the banks' base lending rate. The above bank borrowings utilised are denominated in Ringgit Malaysia.

30. CASH AND CASH EQUIVALENTS Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	802,220	1,400,100	645	370
Fixed deposits with licensed banks	8,982	149,328	8,982	8,982
Bank overdrafts (Note 29)	(22,629)	(119,245)	-	-
	<u>788,573</u>	<u>1,430,183</u>	<u>9,627</u>	<u>9,352</u>

31. 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.

NOTES TO FINANCIAL STATEMENTS (cont.)

(i) Foreign currency risk

The Group has undertaken trade transactions with its foreign customers and suppliers, operating outside of Malaysia, here the amounts owing by/(to) the Group are exposed to currency translation risks as disclosed in Notes 17 and 27.

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on fixed deposits, hire-purchase payables, term loans and bank overdraft. The interest rate of hire-purchase, term loans and bank overdraft are disclosed in Notes 24, 25 and 29 respectively.

(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, 2008, 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

Significant financial assets of the Group include fixed deposits, cash and bank balances, and trade and other receivables. Financial assets of the Company include amount owing by subsidiary companies.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities of the Group include trade and other payables.

Financial liabilities of the Company also include amount owing to subsidiary companies.

Fair Values

The fair values of the financial assets and financial liabilities 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	Note	2008		2007	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Hire-purchase obligations	24	80,380	80,380	113,180	128,715
Term loans	25	<u>8,026,478</u>	<u>7,598,564</u>	<u>7,116,319</u>	<u>7,389,179</u>

The fair values of the hire-purchase obligations and term loans of the Group are 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 and bank borrowings

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

NOTES TO FINANCIAL STATEMENTS (cont.)

32. 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.

33. 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 at 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 Group 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)

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 13 August 2006 did not approve the application for the extension of time. The directors are continuing to deliberate on the next course of action in relation to the Proposed Settlement and understand that the Guarantors are exploring various options to arrive at a solution to the Proposed Settlement and will keep the SC informed accordingly.

Subsequently, the Board of Directors has been in active discussions within the Board, and with the management and also with third parties to arrive at a resolution of this matter. There have been various discussions with SC in finding the best way to resolve this matter.

34. CONTINGENT LIABILITIES

As of June 30, 2008, the Company has issued secured corporate guarantees to a local licensed banks for term loan and other banking facilities totalling RM2,944,000 (2007: RM2,944,000) granted to a subsidiary company. Accordingly, the Company is contingently liable to the extent of term loan and other banking facilities utilised by the said subsidiary company.

STATEMENTS BY DIRECTORS

The directors of **AHB 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 MASB approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of June 30, 2008 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 29, 2008

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**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

YONG YOKE KEONG

Subscribed and solemnly declared by the abovenamed **YONG YOKE KEONG** at **KUALA LUMPUR** this 29th day of October, 2008.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

Location	Tenure	Description	Land Area (Sq. Ft.)	Net Book as at 30 June 2008 (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	1,459	21 years

STATISTICS OF SHAREHOLDINGS AS AT 11 NOVEMBER 2008

Authorised Share Capital:	RM1,000,000,000.00
Issued and Fully Paid-up Capital:	RM48,131,398.00
Class of Shares:	Ordinary Shares of RM1.00 each
Voting Rights:	1 vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 11 NOVEMBER 2008

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	PERCENTAGE (%)
36	1 - 99	1,739	0.003
165	100 - 1,000	116,758	0.243
1,101	1,001 - 10,000	4,047,184	8.409
298	10,001 - 100,000	9,412,158	19.555
50	100,001 - 2,406,568(*)	25,723,479	53.444
3	2,406,569 and above(**)	8,830,080	18.346
<u>1,653</u>		<u>48,131,398</u>	<u>100.00</u>

* Less than 5% of issued shares

** 5% and above of issued shares

TOP 30 SHAREHOLDERS AS AT 11 NOVEMBER 2008

No.	Name of Shareholders	Number of Shares	Percentage
		Held	(%)
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AMBANK (M) BERHAD FOR YONG YOKE KEONG</i>	3,864,000	8.028
2.	ISKANDAR HOLDINGS SDN BHD	2,513,280	5.222
3.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG</i>	2,452,800	5.096
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG YOKE KEONG (STAKEHOLDERS)</i>	2,184,432	4.538
5.	TRADE PIONEER LIMITED	2,029,800	4.217
6.	HO CHU CHAI	1,762,900	3.663
7.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG</i>	1,644,000	3.416
8.	T-PROPS (MALAYSIA) SDN BHD	1,419,550	2.949
9.	ABB NOMINEE (TEMPATAN) SDN BHD	1,406,849	2.923
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG CHEW KEAT (STAKEHOLDERS)</i>	1,297,068	2.695
11.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT</i>	1,051,200	2.184
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ESPRIWASA SDN BHD (STAKEHOLDERS)</i>	994,560	2.066
13.	CHENG KWAI LAN	885,298	1.839

STATISTICS OF SHAREHOLDINGS AS AT 11 NOVEMBER 2008 (cont.)

TOP 30 SHAREHOLDERS AS AT 11 NOVEMBER 2008

No.	Name of Shareholders	Number of Shares	Percentage
		Held	(%)
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD</i> <i>FOR ISKANDAR HOLDINGS SDN BHD (STAKEHOLDERS)</i>	781,440	1.624
15.	CIMB BANK BERHAD	693,348	1.440
16.	THAVRON ASSOCIATES LIMITED	627,200	1.303
17.	SAW SAU KIN	600,000	1.247
18.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT</i>	581,502	1.208
19.	AFFIN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHUNG CHEE YANG</i>	557,000	1.157
20.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE</i>	514,000	1.068
21.	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR FORTIS BANQUE LUXEMBOURG</i>	478,700	0.995
22.	YONG YOKE LUEN	455,250	0.946
23.	LEADER DEBUT SDN BHD	439,000	0.912
24.	TRIDENT TARGET SDN BHD	439,000	0.912
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHEE BENG</i>	383,500	0.797
26.	YAT SENG CONSTRUCTION SDN BHD	300,000	0.623
27.	TAN KIM KUAN	233,400	0.485
28.	CHUA CHIN HO	186,700	0.388
29.	CHEE LAI HOCK	182,600	0.379
30.	BURSA MALAYSIA BERHAD	177,663	0.369
		<u>31,136,040</u>	<u>64.689</u>

ANALYSIS OF WARRANTS HOLDINGS AS AT 11 NOVEMBER 2008

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	PERCENTAGE (%)
0	1 - 99	0	0.00
79	100 - 1,000	9,700	0.186
2	1,001 - 10,000	7,200	0.138
0	10,001 - 100,000	0	0.000
0	100,001 - 261,399(*)	0	0.000
5	261,400 and above(**)	5,211,100	99.676
<u>86</u>		<u>5,228,000</u>	<u>100.00</u>

* Less than 5% of issued warrants

** 5% and above of issued warrants

TOP 30 WARRANTS HOLDERS AS AT 11 NOVEMBER 2008

No.	Name of Warrants Holders	Number of	Percentage
		Warrants Held	(%)
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	12.082
5.	TRADE PIONEER LIMITED	483,100	9.241
6.	THAVRON ASSOCIATES LIMITED	250,000	4.782

STATISTICS OF SHAREHOLDINGS AS AT 11 NOVEMBER 2008 (cont.)

TOP 30 WARRANTS HOLDERS AS AT 11 NOVEMBER 2008

<u>No.</u>	<u>Name of Warrants Holders</u>	<u>Number of Warrants Held</u>	<u>Percentage (%)</u>
7.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHEE BENG</i>	5,100	0.098
8.	GOH ENG HOO	2,100	0.041
9.	CHOW HENG LIU	1,000	0.019
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG CHEE TEONG</i>	1,000	0.019
11.	ALBERT LEE WAY LEONG	100	0.001
12.	ANG YOOK CHU @ ANG YOKE FONG	100	0.001
13.	AW TAI-JAK	100	0.001
14.	BERNICE LOW SUE LYN	100	0.001
15.	CHIA AH MOY @ CHIA CHEE ENG	100	0.001
16.	CHIANG HENG GIN	100	0.001
17.	CHONG FATT CHOY	100	0.001
18.	CHONG KOK YUEN	100	0.001
19.	CHONG WAH PLASTICS SDN BHD	100	0.001
20.	CHONG WAI LING	100	0.001
21.	CHOO WOON KIET	100	0.001
22.	CHOY WEE HERNG	100	0.001
23.	CHOY YOT FAH	100	0.001
24.	CHUA YEE PING	100	0.001
25.	FAREEA MA CH'ING	100	0.001
26.	FOAM-PACKAGING INDUSTRIES SDN BHD	100	0.001
27.	FOK LAI CHING	100	0.001
28.	FONG YAW LAN	100	0.001
29.	FOO SAY KEOW	100	0.001
30.	HOOI MING WAH	100	0.001
		5,222,300	99.880

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 11 NOVEMBER 2008

Name of Directors	---Direct---		---Indirect---	
	No. of Ordinary Shares held	%	No. of Ordinary Shares held	%
Mirzan Mahathir	-	-	3,294,720 ⁽¹⁾	7.90
Yong Yoke Keong	10,150,269	21.09	-	-
Yong Chew Keat	2,929,770	6.09	48,000 ⁽²⁾	0.10
Lim Chee Hoong	-	-	-	-
Danny Ng Siew L'Leong	-	-	-	-

Notes :

- (1) Deemed interest by virtue of his interest in Iskandar Holdings Sdn Bhd, the substantial shareholder of the Company.
(2) Deemed interest by virtue of his spouse, Madam Kor Guat Hwa's direct shareholdings in the Company.

STATISTICS OF SHAREHOLDINGS AS AT 11 NOVEMBER 2008 (cont.)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 11 NOVEMBER 2008

Name of Substantial Shareholders	Direct		Indirect	
	No. of Ordinary Shares held	%	No. of Ordinary Shares held	%
Yong Yoke Keong	10,150,269	21.09	-	-
Iskandar Holdings Sdn Bhd	3,294,720	6.85	-	-
Mirzan Mahathir	-	-	3,294,720 ⁽¹⁾	6.85
Yong Chew Keat	2,929,770	6.09	48,000 ⁽²⁾	0.10

Notes :

- (1) Deemed interest by virtue of his interest in Iskandar Holdings Sdn Bhd, the substantial shareholder of the Company.
- (2) Deemed interest by virtue of his spouse, Madam Kor Guat Hwa's direct shareholdings in the Company.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth 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 Tuesday, 16th December, 2008 at 3.30pm

AGENDA

ORDINARY BUSINESS	
1.	To receive the Audited Financial Statements of the Company for the year ended 30 June 2008 and the Directors' and Auditors' Reports thereon. Resolution 1
2.	To approve the payment of Directors' fees of RM116,000.00 for the year ended 30 June 2008. Resolution 2
3.	To re-elect Encik Mirzan Mahathir retiring in accordance with Article 85 of the Company's Articles of Association. Resolution 3
4.	To re-elect Mr. Yong Chew Keat retiring in accordance with Article 92 of the Company's Articles of Association. Resolution 4
5.	To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration. Resolution 5
SPECIAL BUSINESS	
6.	To consider and if thought fit, to pass with or without modifications, the following resolution as an 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

21 November 2008
Kuala Lumpur

NOTICE OF FIFTEENTH 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 be entitled to appoint more than one (1) proxy but up to a maximum of three (3) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (iii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (v) The instrument of a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the holding of this meeting or at any adjournment thereof.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Resolution 6 - Authority for Directors to Issue Shares

The Ordinary Resolution under item 6 above, 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 FIFTEENTH ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in Agenda 3 (Encik Mirzan Mahathir) and Agenda 4 (Mr. Yong Chew Keat) of the Notice of Fifteenth Annual General Meeting are laid out in the Directors' Profile appearing on page 5 of this Annual Report.

AHB HOLDINGS BERHAD

(Company No.: 274909-A)

FIFTEENTH ANNUAL GENERAL MEETING

FORM OF PROXY

No. of Ordinary Shares Held
CDS Acc. No.

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

of _____
(Full Address)

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

of _____
(Full Address)

or failing *him/*her _____
(Full name in block letters)

of _____
(Full Address)

or failing *him/*her, the CHAIRMAN OF THE MEETING as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Fifteenth 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 Tuesday, 16th December, 2008 at 3.30pm 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 2008 and the Directors' and Auditors' Reports thereon.		
2. To approve the payment of Directors' fees of RM116,000.00 for the year ended 30 June 2008		
3. To re-elect Encik Mirzan Mahathir who is retiring in accordance with Article 85 of the Company's Articles of Association.		
4. To re-elect Yong Chew Keat who is retiring in accordance with Article 92 of the Company's Articles of Association.		
5. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS		
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 _____ 2008

Signature of Member(s) or Common Seal

*Delete if not applicable

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 be entitled to appoint more than one (1) proxy but up to a maximum of three (3) 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.

Please fold here

The Company Secretary

AHB 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

STAMP

Please fold here

