ANNUAL REPORT 2014

AHB Holdings Berhad 274909A

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mirzan Mahathir
Chairman
Non-Independent Non-Executive Director
(resigned on 12 September 2014)

Yong Yoke Keong
Managing Director / Chief Executive Officer

Dr Folk Jee Yoong
Independent Non-Executive Director

Hee Teck Ming
Independent Non-Executive Director

Chan Chow Hun
Independent Non-Executive Director

AUDIT COMMITTEE

Dr Folk Jee Yoong (Chairman)
Hee Teck Ming
Chan Chow Hun

NOMINATION COMMITTEE

Dr Folk Jee Yoong (Chairman)
Hee Teck Ming
Chan Chow Hun

REMUNERATION COMMITTEE

Dr Folk Jee Yoong (Chairman)
Hee Teck Ming
Chan Chow Hun

COMPANY SECRETARY

Wong Wei Fong (MAICSA 7006751)

REGISTERED OFFICE

B-11-10, Level 11, Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Tel : +603 2166 9718
Fax : +603 2166 9728

BUSINESS ADDRESS

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Pusat Bandar Puchong
47100 Puchong
Selangor, Malaysia
Tel : +603 5882 2882
Fax : +603 5882 2222
Web : www.ahb.com.my
Email : mailbox@ahb.com.my

INVESTOR RELATIONS

Noorafzan Shaik Abdul Rahim
Tel : +603 5882 2882
Fax : +603 5882 2222
Email : mailbox@ahb.com.my

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor, Malaysia
Tel : +603 7720 1188
Fax : +603 7720 1111

AUDITORS

SJ Grant Thornton (Chartered Accountants AF0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : +603 2692 4022
Fax : +603 2732 5119

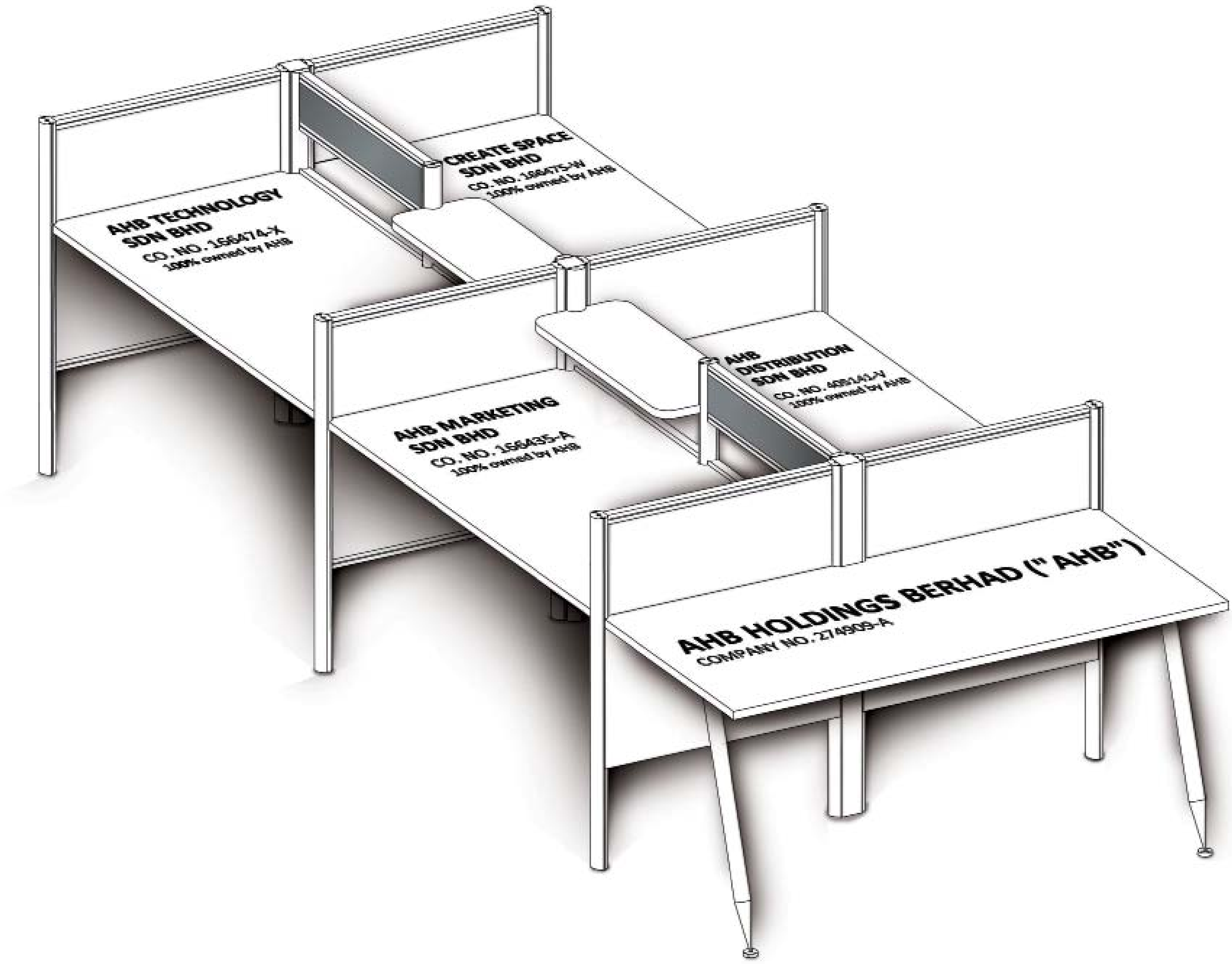
PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : AHB
Stock Code : 7315

GROUP CORPORATE STRUCTURE



MANAGING DIRECTOR'S STATEMENT

On behalf of our Board of Directors, I am pleased to present to you the 2014 Annual Report and Financial Statements of AHB Holdings Berhad and its subsidiaries ("AHB or Group") for the financial year ended 30 June 2014.

AHB had a very eventful year since the 2013 Annual Report.

First and foremost, our Board, our team, and I would like to extend our unreserved appreciation to Mr. Mirzan Mahathir for his generous, kind, and wise guidance to our Group since 1996. With his guidance, our Group had sailed the highs and also the challenges with great results. His presence in our Group will be highly missed, and his resignation from chairmanship of our Board on 12 September 2014 is sincerely regretted by us.

We had just completed our capital raising exercise on 5 September 2014. We sincerely thank our shareholders and investors for their high level of support. Our rights shares issue had been over-subscribed with a subscription rate of 152%. Our Group's balance sheet is significantly strengthened from this capital raising exercise.

Our Group's new products recently introduced in the past 2 years are receiving traction in the global and local market. Hence we are optimistic that our performance will improve in the immediate years moving forward. In addition, the Group is planning to introduce several leading edge products that may catch the attention and appreciation of our discerning customers quickly.

As always, our Group has upheld our customers as our key focus, and we believe that customer satisfaction and partnerships are vital for long-term growth. Our usual dedication to the exacting standards of our products and our commitment to a professional service set our customers' experience apart from our rivals. Our Group's commitment to continually explore new ideas and to improve our product offerings is the advantage to our corporate strategy.

As before, we continue to focus on environmental responsibility and awareness in our operations. We ensure a safe and healthy workplace for our employees and endeavor to minimize potential adverse impacts on the environment. We operate in compliance with the relevant environmental legislations and strive to implement environmental best practices in our daily activities.

For the financial year ended 30 June 2014, the Group's revenue increased by RM1.0 million or 8% to RM13.5 million compared to RM12.5 million for the financial year ended 30 June 2013 mainly due to performance of our newer products, which is will continue to bring improvements to our financial results. With a stronger balance sheet on hands, we will deliver quality investments in products, marketing, and sales promotional programs. In line with the increase in revenue, our Group's profit has improved to RM0.7 million after tax compared to a loss of RM9.20 million after tax for preceding financial year, a year which results were also partly contributed by significant provisions for doubtful debts.

In our strategy to ensure that our Group has sustainable businesses going forward, we had to reserve a certain amount of cash for our business operations, and hence we had chosen to negotiate in good faith with banks to allow us time to settle debts incurred during the 1997 Asian Financial Crisis.

However, a bank had refused negotiated on an outstanding loan of approximately RM1.2 million, and had opted to shut down our business by winding up one of our currently dormant subsidiary, even though a proposed corporate exercise was then well underway for full payment upon completion. Unfortunately this had placed our company into Bursa's Practice Note17 because our external auditors needed to assert a disclaimer due to the uncertainties of the various effects in our Group financial statements in the event of deconsolidation of the said subsidiary. Our solicitor had already commenced the process to urgently settle all outstanding matters. This is, however, a temporary situation, and will not affect our good corporate growth. We are confident to resolve this issue in the near future.

MANAGING DIRECTOR'S STATEMENT (cont'd)

The global economy continues to face uncertainties because of the war conflicts in various parts of the world. In addition, economics uncertainties surrounding various countries' governmental aggressive financial easing policies also add to the global economic downward risk. Because of the relatively small share of our Group's revenue base in the market, any and all these uncertainties are not expected to have any downward effect on our profit growth, barring any unforeseen circumstances.

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. For the benefit of Islamic investors, we are pleased to note that we are Syariah compliant.

I take this opportunity to thank all our shareholders, advisors, business associates, customers and relevant government authorities. We sincerely treasure your invaluable support and confidence over the years.

Last but not least, I put on record my unreserved gratitude and appreciation to my fellow board directors for their wise counsel and consultation, and the management and staff of the Group, for their continuing hard work, commitment and dedication to our corporate, social, and earthly environment; and for their exclusive commitment to excellence to our customers. Together, our business will improve the office environment the world over.

Yong Yoke Keong
Managing Director

BOARD OF DIRECTORS' PROFILE

Yong Yoke Keong , Malaysian, aged 54, was appointed as Director of AHB on 3 May 1994 and is currently the Managing Director and Chief Executive Officer of the Group.

He graduated with a Bachelor of Mechanical Engineering Degree in 1982 and post-graduated with a Masters in Business Administration with multiple concentrations in Finance, Management Information Systems and International Business in 1985 from McGill University, Canada.

Yong Yoke Keong has guided the Group since 1988 when it was a small operation to be a public listed company on the Kuala Lumpur Stock Exchange Second Board in 1996. He has recently led the Group to successfully complete a rights issue capital raising exercise to position the Group for higher sustainable corporate growth.

He previously was a council member of the Federation of Malaysian Manufacturers and he was also the founding Joint Chairman of Institut Perekabentuk Dalaman Malaysia Industry Partners (Institute of Interior Design Malaysia - Industry Partners).

Yong Yoke Keong is a substantial shareholder of AHB, with direct holding of 21,671,511 ordinary shares and 9,803,782 warrants.

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 for any offences, other than traffic offences (if any), within the past 10 years.

Yong Yoke Keong attended five (5) out of five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2014.

Dr Folk Jee Yoong, Malaysian, aged 53, was appointed as Director of AHB on 28 May 2013 and is currently the Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of AHB.

He holds a Bachelor of Business degree in Accounting and Secretarial Administration from the Curtin University of Technology in Perth, Western Australia and a Bachelor of Economics degree from the University of Western Australia. In addition, he holds a Master of Commerce degree in Accounting from the University of Auckland, New Zealand. He obtained a Doctor of Business Administration from the University of South Australia and a Doctor of Philosophy from the University of Malaya. He is a Fellow of the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants. He also holds a Certificate in Investor Relations from the IR Society, United Kingdom.

Dr Folk has over 20 years of experience in academic, corporate finance, restructuring, audit and financial management in diversified industries such as mortgage banking, property development, construction, seafood trawling and processing, pulp and paper, jewellery, office furniture, multi-level marketing, plastic injection moulding, timber plantation and processing, hospitality and thermo vacuum forming. Between 1984 and 1990, amongst other public accounting firms, he was attached to Deloitte, Haskins & Sells, New Zealand and McLaren & Stewart, Perth, Australia. He has also worked with multi-national firms such as Sinar Mas Group, Raja Garuda Mas Group and Fletcher Challenge Group in various countries such as New Zealand, India and Indonesia.

Dr Folk is also a Director of Lion Corporation Berhad, INIX Technologies Holdings Berhad and Cybertowers Berhad, which are public listed companies.

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 for any offences, other than traffic offences (if any), within the past 10 years.

Dr Folk attended five (5) out of five (5) Board of Directors' Meeting of the Company held during the financial year ended 30 June 2014.

BOARD OF DIRECTORS' PROFILE (cont'd)

Hee Teck Ming, Malaysian, aged 55, was appointed as Director of AHB on 28 May 2013 and is currently the Independent Non-Executive Director of the Company. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of AHB.

He has a Higher National Diploma in Mechanical Engineering from Humberside College of Higher Education, United Kingdom. After his graduation in 1982, he worked for several years in aluminium fabrication in the United Kingdom.

On his return to Malaysia in 1988, he worked with United Technologies Carrier from 1988 to 2000 where his last held position of General Manager, Services. From 2000 to 2006, he was the Chief Operating Officer of Paracorp Technology Sdn Bhd. He joined Urusharta Cemerlang Sdn Bhd from 2007 to 2012 as the Director of Operations and was appointed as the Asset Manager to Pavilion REIT Sdn Bhd from 2011 to 2012.

Mr Hee Teck Ming is currently the Building Director of Pan Asia Property Management Sdn Bhd since joining the company in 2012.

He served on the Board of Directors of Artwright Holdings Bhd as an Independent Non-Executive Director from 1996 to 2007.

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 for any offences, other than traffic offences (if any), within the past 10 years.

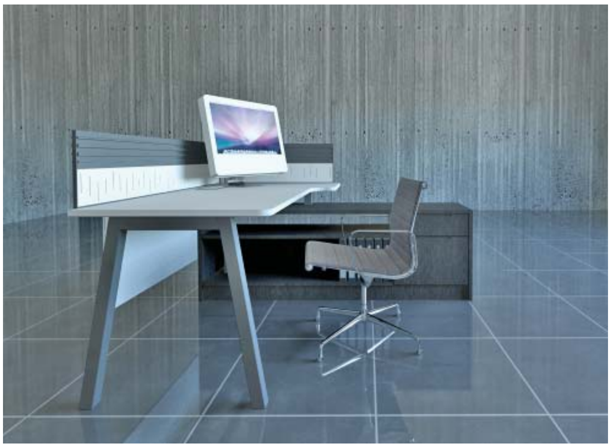
Hee Teck Ming attended five (5) out of five (5) Board of Directors' Meeting of the Company held during the financial year ended 30 June 2014.

Chan Chow Hun, Malaysian, aged 54, was appointed as Director of AHB on 28 May 2013 and is currently the Independent Non-Executive Director of the Company. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of AHB.

He is a CFA Charterholder, holds a BA (Hons) and an MBA and has a post graduate diploma from the National Institute of Public Administration. He has worked in the public sector in the Administrative and Diplomatic service and subsequently with international firms and Malaysian listed companies in the areas of consulting and corporate finance. He was the CEO of the Financial Planning Association of Malaysia, a not for profit, standards setting industry body.

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 for any offences, other than traffic offences (if any), within the past 10 years.

Chan Chow Hun attended five (5) out of five (5) Board of Directors' Meeting of the Company held during the financial year ended 30 June 2014.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year then ended. The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made, in the preparation of the financial statements. The Directors also ensure that applicable approved accounting standards have been followed. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

CORPORATE SUSTAINABILITY STATEMENT

Environmental Responsibilities

The AHB environment is a careful blend of materials, resources, technology and fine design. We apply our expertise in design and manufacturing process to create and deliver innovative products with minimal adverse environmental impact. In our production, we carefully select materials that are safe, healthy and ecologically sound throughout their life cycle. Over 80% of materials used are recyclable.

Wood used in the AHB environment is an ecologically sensitive choice. The hevea brasiliensis, commonly known as the rubber trees, are rapidly renewable, and are harvested from expired matured rubber latex plantations. Therefore, we have provided extra use for the trees, and eliminated the usage of natural forest timber.

Our commitment to environmental protection includes our efforts to achieve ISO14001 Environmental Management System standards. With the ISO14001, every environmental aspect in the organization is taken into consideration.

Appealing Design

The AHB office environment is clearly defined by the sleek lines and superior design. Curves blend to form functional units to create optimum offices.

Superior Standards

Research on ergonomics is reflected in our integrated office environment with efficient space usage. All AHB products are manufactured according to international standards.

Value Investments

Your investment is fully protected by a guarantee against any manufacturing defect for 10 years. The system is also modular and consistently adaptable. Engineered for durability, AHB's timeless design assures you of a high value investment.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of AHB Holdings Berhad ("the Company") takes cognizance of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") issued by the Securities Commission Malaysia in which the Company are required to report its extent of compliance with the MCCG 2012 in the annual report to be published in 2014.

Prior to transiting to the principles and recommendations of the MCCG 2012 (where appropriate), the Board is committed to ensuring that the Principles and Best Practices of the Malaysian Code on Corporate Governance (Revised 2007) are observed and practiced as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

This corporate governance statement ("Statement") sets out how the Company has applied the eight (8) Principles of the MCCG 2012 and observed the Recommendations supporting the Principles during the financial year. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

Principle 1 – Establish clear roles and responsibilities

1.1 Establish clear functions reserved for Board and Management

The board is in the midst of preparing a formal schedule of matters reserved for the Board and those delegated to Management. At the same time, a comprehensive Board Charter is also being prepared to serve as a reference for the Board's activities.

As at the end of the financial year under review, the Board Charter had not been made publicly available as the same is still in the stage of being prepared. The Board will take steps to upload the Board Charter once the same is available after the adoption by the Board.

The Board has in place the Audit Committee, Nomination Committee and Remuneration Committee to assist it to discharge its duties. Each committee is tasked with specific functions to operate within its terms of reference and to report to the Board.

1.2 Establish clear roles and responsibilities in discharging its fiduciary and leadership functions

Reviewing and adopting a strategic plan for the Company

The Management would prepare and table the annual budget for the new financial year. This would include the strategic plan based on the performance targets and long term plans of the Company. For discussion of new business ventures, the Board is supplied with proper meeting paper for deliberation.

The Managing Director would lead the discussion at the Board meeting on the strategic plan of the Company. The Board participates actively on the discussion and continues to monitor the implementation of the plan through its quarterly meetings.

Overseeing the conduct of the Company's business

The Chairman leads the Board and he is supported by the Managing Director together with a management team in managing the Company's business. The Board continues to receive updates from the Management at the quarterly meetings during the discussion of the quarterly reports.

The Remuneration Committee reviews the performance of the Chairman and Managing Director on an annual basis.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Company engaged an external service provider to assist the Board to set up an Enterprise Risk Management Framework for the Group. The Board has approved the Enterprise Risk Management Framework for adoption across the Group. The Board through the Audit Committee reviews the outcome of risk assessment, including the implementation of appropriate internal controls and mitigation measures to address the risks identified.

Further details of the Enterprise Risk Management Framework are set out in the Risk Management and Internal Control Statement of this Annual Report.

Succession planning

The Board places the importance of succession planning for business continuity. The Board recognises a good succession planning to resolve the replacement of key vacancies upon the retirement and resignation quickly without any interruption to the operations. The Board would continue to review the succession planning on an annual basis.

Overseeing the development and implementation of a shareholder communications policy for the Company

The Company has a website to communicate with the shareholders. The Board has also identified a Senior Independent Director to whom the shareholders can communicate with on matters regarding the Company.

Reviewing the adequacy and the integrity of the management information and internal controls system of the Company

The Board recognises the importance of the adequacy and the integrity of the management information and internal control system of the Company. The details of the Group's internal control system are set out in the Risk Management and Internal Control Statement of this Annual Report.

1.3 Formalise ethical standards through a code of conduct and ensure its compliance

The Company is in the midst of preparing its Code of Conduct. The Board will undertake to develop the Code of Conduct and upload the same in the Company's website in due course.

1.4 Ensure that the Company's strategy promotes sustainability

The Board would ensure that the Company's strategy promotes sustainability. The Board would continue to monitor the Company's strategy on an annual basis. The details of the sustainability efforts are set out in the Corporate Sustainability Statement in this Annual Report.

1.5 Procedures to allow Directors access to information and advice

The Board would formulate the Company's Board Charter to include a procedure to access to information and independent advice by the Board and Committees. The Management is tasked to supply the Board and Committees with timely and sufficient information to enable the Board to effectively discharge its duties. The Directors are provided with meeting papers to give them the necessary information on matters. The Directors can always request for any additional information as they consider necessary prior to considering a matter. The Company allows a Director to seek independent legal, financial or other advice as he considers necessary at the expense of the Company in the furtherance of his duties.

CORPORATE GOVERNANCE STATEMENT (cont'd)

1.6 Ensure Board is supported by a suitably qualified and competent Company Secretary

The Company appoints suitably qualified and competent Company Secretary to support the Board. The Company Secretary keeps the Board updated on the latest regulatory updates. The Board has access to the advice and services of the Company Secretary.

1.7 Formalise periodically review and make public the Board Charter

As stated, the Board is in the midst of preparing its Board Charter. A copy of the Board Charter would be uploaded to the Company's website once the same is available. The Board would review the Board Charter on an annual basis to be consistent with the relevant regulatory requirements.

Principle 2 – Strengthen composition

2.1 Establish a Nomination Committee comprising exclusively non-executive directors with majority of independent directors

The composition of the Nomination Committee comprises exclusively Independent Non-Executive Directors. The Nomination Committee met once during the financial year ended 30 June 2014 to deliberate matters within its terms of reference.

The Board has identified Dr Folk as the Senior Independent Director of the Company to deal with any concern raised by the shareholders.

2.2 Nomination Committee should develop, maintain and review criteria for recruitment process and annual assessment of directors

The Nomination Committee is responsible to review any proposed candidate for directorship based on the selection criteria expected of a director and makes recommendation to the Board if the proposed candidate is found to be suitable. The decision on new appointment of directors rests with the Board after considering the recommendation of the Nomination Committee.

The Nomination Committee is also tasked to carry out evaluation of board effectiveness in the areas of composition, roles and responsibilities. The Nomination Committee annually reviews the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The new directors would undergo induction sessions to meet with the respective Heads of Departments to understand the business of the Group.

The Nomination Committee conducted an annual assessment of the Board as whole and individually of the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and the effectiveness of the Board of Directors as a whole, the Board Committees and contribution of each individual Director. It also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting in accordance with the Articles of Association of the Company.

For any requisition of nomination by the shareholders, the Nomination Committee would also perform the same review process. However, if the requisition is by way of Sections 144 or 145 of the Companies Act, 1965, the Nomination Committee would still carry out its duties if permitted by the requisionists.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The Board currently consists of four (4) members of which none is a female Director. In the event of a vacancy in the Board, the Nomination Committee has been tasked to include the recruitment of female Directors. The Board would endeavour to recruit a female Director and has set itself to meet the Prime Minister's call of having 30% women's representation at boardroom level by year 2016.

The attendance of the Board Committee members for the financial year ended 30 June 2014 is as follows:-

Directors	Audit Committee	Nomination Committee	Remuneration Committee
Dr Folk Jee Yoong	5/5	1/1	1/1
Hee Teck Ming	5/5	1/1	1/1
Chan Chow Hun	5/5	1/1	1/1

2.3 Establish formal and transparent remuneration policies and procedures to attract and retain directors

The Remuneration Committee comprises exclusively Independent Non-Executive Directors. The Remuneration Committee met once during the financial year to deliberate matters within its terms of reference.

The Remuneration Committee is responsible for reviewing the remuneration of Directors and senior management to ensure that they are at sufficiently competitive levels and recommending to the Board the remuneration of the Directors and senior management.

The Board recommends the Directors' fees payable to the Directors on a yearly basis to the shareholders for approval at the annual general meeting in line with the provision of its Articles of Association.

The aggregate remuneration of the Directors for the financial year ended 30 June 2014 is as follows:

Remuneration (RM)	Executive Director	Non-Executive Director	Total
Directors' Fees*	24,000	48,000	72,000
Salaries & other emoluments	447,259		
Pension Costs – defined contribution plans	48,998		
Bonus			
Benefits-in-kind			
Total	520,257	48,000	568,257

CORPORATE GOVERNANCE STATEMENT (cont'd)

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

Range of remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM1 - RM50,000		4
RM400,001 – RM450,000	1	
Total	**1**	**4**

The MCCG 2012 recommends the detailed disclosure to be made for each director's remuneration. The Board has chosen to disclose the remuneration in bands pursuant to the Main Market Listing Requirements.

Principle 3 – Reinforce independence

3.1 Undertake an assessment of its Independent Directors annually

The Nomination Committee assesses the Board on an annual basis. The Nomination Committee would report to the Board on its findings. The Board is satisfied with the assessment carried out on the Independent Directors.

3.2 Tenure of Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of tenure, Independent Director may continue serving but as Non-Independent Director.

The Board currently has one Director who has served exceeding the tenure of 9 years. Mr Hee Teck Ming has in cumulative more than 9 years of service.

The Nominating Committee has assessed the independence of Mr Hee Teck Ming, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and recommended him to continue act as an Independent Non-Executive Director of the Company based on the following justifications :

1. He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
2. His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manager and run the Group;
3. He has been with the Company for more than 9 years from 1996 to 2007 and from 2013 to 2014, therefore familiar with the Company's business operations; and
4. He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

3.3 Justify and seek shareholders' approval for retaining Independent Directors (serving more than nine (9) years)

The Board is seeking the shareholders' approval to retain Mr Hee Teck Ming as an Independent Non-Executive Director of the Company.

CORPORATE GOVERNANCE STATEMENT (cont'd)

3.4 Positions of Chairman and Chief Executive Officer to be held by different individuals

The positions of the Chairman and Managing Director/Chief Executive Officer of the Company are held by different individuals. This provides a balanced management of powers at the Board level.

3.5 Comprise a majority of Independent Directors if Chairman is not an Independent Director

The Board has a Non-Independent Non-Executive Chairman and understands that where the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors. The Company has three (3) Independent Directors which formed a majority of the number of Directors.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Principle 4 – Foster commitment

4.1 Set out expectations on time commitment for Board members and protocols for accepting new directorships

The Board would meet and discuss the meeting dates so that each member of the Board is able to plan his schedule accordingly.

The Board has reminded the Directors of their time commitment and also to inform the Chairman prior to the acceptance of new directorships by any of the Board members.

There were five (5) Board of Directors' meetings held during the financial year ended 3 June 2014. The attendance record of the Board for the financial year ended 30 June 2014 is set out below:-

Directors	Designation	Attendance	%
Mirzan Mahathir (resigned on 12 September 2014)	Chairman Non-Independent Non-Executive Director	5/5	100
Yong Yoke Keong	Managing Director/Chief Executive Officer	5/5	100
Dr Folk Jee Yoong	Independent Non-Executive Director	5/5	100
Hee Teck Ming	Independent Non-Executive Director	5/5	100
Chan Chow Hun	Independent Non-Executive Director	5/5	100

Based on the above, all the Directors of the Company have attended not less than 50% of the attendance required by the Main Market Listing Requirements.

4.2 Ensure Board members have access to appropriate continuing education programmes

The Board encourages the Directors to attend continuing education programmes to equip themselves.

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Board will evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminar and briefings that will enhance their knowledge and enable them to discharge their duties effectively.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The Directors had attended the following continuing education programmes during the financial year:-

No	Training Courses Attended	Date
MIRZAN MAHATHIR		
	Because of the busy schedule of the director, no training has been attended to	
YONG YOKE KEONG		
1	Practical Aspects of Applying MFRS Seminar	04 July 2013
2	Enhancing Corporate Governance Seminar	01 October 2013
DR FOLK JEE YOONG		
1	The Profitable and Sustainable Public Practice	04 July 2013
2	MIA-ACCA Forum 2013 : The Value of Quality Audit	05 July 2013
3	Performance of the Construction Industry	25 July 2013
4	Social Media in the Corporate World	28 August 2013
5	National Conference on Services Sector (NCSS) 2013	29 August 2013
6	New World, New Order : Academic Leadership in Jeopardy ?	21 September 2013
7	2014 Management Budget Seminar	07 November 2013
8	Outlook for 2014	03 December 2013
9	Crisis Communications & Ethics	16 January 2014
10	9 Reasons Why Innovation Fails	03 March 2014
11	Goods and Services Tax Symposium	19 March 2014
12	Corporate Governance Guide : Towards Boardroom Excellence - Update	26 March 2014
13	Construction Industry After the Global Financial Crisis	11 April 2014
14	GST Briefing	24 April 2014
15	Understanding Business Beyond Numbers	14 May 2014
16	Innovative Risk Transfer Solutions	26 May 2014
17	Humane Authority and China's Sub-Regional Integration	02 June 2014
18	Risk Management and Internal Control	05 June 2014
19	GST Seminar on Property Management	16 June 2014
20	Islamic Finance for PLC	17 June 2014
HEE TECK MING		
1	Risk Management and Internal Control	29 November 2013
2	Enhance Understanding of Risk Management & Internal Control	03 December 2013
CHAN CHOW HAN		
1	Risk Management and Internal Control	29 November 2013
2	Enhance Understanding of Risk Management & Internal Control	03 December 2013
3	Mandatory Accreditation Programme for Directors of Public Listed Company	02-03 April 2014

CORPORATE GOVERNANCE STATEMENT (cont'd)

Principle 5 – Uphold integrity in financial reporting

5.1 Audit Committee should ensure financial statements comply with applicable financial reporting standards

The Audit Committee is delegated with the task to oversee the Group's financial reporting processes and the accuracy, consistency and appropriateness of the use and application of accounting policies and standards, as well as the reasonableness and prudence in making estimates, statements and explanations. The Audit Committee reports to the Board.

On a yearly basis, the Audit Committee would meet with the External Auditors to go through the Audit Review Memorandum and to discuss with the External Auditors on their report to the Audit Committee following the completion of their audit. The Audit Committee would obtain the confirmation of the External Auditors with regard to the Company's compliance with the applicable financial reporting standards.

5.2 Audit Committee should have policies and procedures to assess suitability and independence of external auditors

The Audit Committee has established an evaluation process of the External Auditors and would assess them on an annual basis and report to the Board its recommendation for the re-appointment of the External Auditors at the annual general meeting.

In addition, the Audit Committee has in place a policy with regard to the provision of non-audit services by the External Auditors. During the financial year ended 30 June 2014, the non-audit services rendered by the External Auditors were RM44,130.00.

The External Auditors had provided a written assurance to the Audit Committee that they were independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Principle 6 – Recognise and manage risks

6.1 Establish a sound framework to manage risks

The Board had established a sound framework to identify and management significant risks faced by the Group.

The Audit Committee works with the Internal Auditors to ensure that the Internal Audit Annual Plan encompasses the audit of the essential services and the follow up on the audits.

Further details of the Enterprise Risk Management Framework and the system of internal control of the Group are set out in the Risk Management and Internal Control Statement of this Annual Report.

6.2 Establish an internal audit function which reports directly to Audit Committee

The Group outsources its internal audit function to an independent professional firm. During the financial year, the internal auditors carried out review of selected key processes of the Company and certain significant subsidiaries, covering high-level internal control framework, financial management, risk management, procurement and inventory management. The total costs incurred by the Company for the internal audit function of the Group during the financial year was RM16,440.00. Details of the internal control system are set out in the Risk Management and Internal Control Statement of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Principle 7 – Ensure timely and high quality disclosure

7.1 Ensure the Company has appropriate corporate disclosure policies and procedures

The Board is in the midst of preparing its internal Corporate Disclosure Policy in compliance with the disclosure requirements as set out in the Main Market Listing Requirements. Once the Board has adopted the Corporate Disclosure Policy, the Managing Director is tasked to ensure that the policy is being adhered by the key management.

7.2 Encourage the Company to leverage on information technology for effective dissemination of information

The Company has a website where the shareholders can check on the latest announcements of the Company and also to contact the designated person on investor relations matters.

Principle 8 – Strengthen relationship between Company and shareholders

8.1 Take reasonable steps to encourage shareholder participation at general meetings

The Board encourages the shareholders to participate at the Company's annual general meeting. The notice period of the annual general meeting is given to the shareholders slightly longer than the minimum of 21 clear days. The slightly longer time is to afford the shareholders to review the annual report and to appoint their proxies if they are unable to attend the annual general meeting.

8.2 Encourage poll voting

At the commencement of the annual general meeting after the calling of the meeting to order, the Chairman would remind the shareholders, proxies and corporate representatives on their rights to demand for a poll in accordance with the provisions of the Articles of Association of the Company for any resolutions. The Chairman is also aware that he could demand for a poll for substantive resolution to be tabled at the shareholders' meetings.

The Company's share registrar is well equipped to facilitate the conduct a poll should the need arises.

8.3 Promote effective communication and proactive engagements with shareholders

The Board places importance of shareholders' meetings as important events for the Board to meet the shareholders. The Chairman would allot sufficient time to encourage the shareholders, proxies and the corporate representatives to ask questions pertaining to the matters tabled at the general meetings. The senior management and External Auditors are present at the shareholders' meetings to answer any query that the shareholders, proxies and corporate representatives may ask.

This statement is made in accordance with the resolution of the Board dated 24 October 2014.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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 COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 30 June 2014.

2. SHARE BUY-BACK

The Company does not have a share buy-back programme in place.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were 5,214,000 warrants exercised during the financial year ended 30 June 2014. The Company has not issued any options, warrants or convertible securities in respect of the financial year under review.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme in the financial year ended 30 June 2014.

5. IMPOSITION OF SANCTIONS AND/OR PENALTIES

During the financial year under review , there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, directors or management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies.

6. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered by the External Auditors to the Group for the financial year ended 30 June 2014 is RM44,130.00.

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

7. VARIATION IN RESULTS

There is no significant variance in the Company's audited results for the financial year ended 30 June 2014 from the unaudited results as previously announced.

8. PROFIT GUARANTEE

There is no profit guarantee for the financial year ended 30 June 2014.

9. MATERIAL CONTRACTS

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interest of the Director and major shareholders other than contracts entered into in the normal course of business.

10. RECURRENT RELATED PARTY TRANSACTIONS

The Group did not have any recurrent related party transactions during the financial year.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

1. Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of AHB Holdings Berhad have pleasure in presenting the following Risk Management and Internal Control Statement of the Group for the financial year ended 30 June 2014 which has been prepared in accordance with the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers".

2. The Board's Responsibility

The Board of Directors recognizes the importance of a sound internal control system and effective risk management practices to good corporate governance. The Board also affirms its overall responsibility for the Group's system of internal control and risk management.

In view of the limitations inherent in any internal control system, it is recognized that such system is designed to manage rather than eliminate risk. Evaluation and implementation of the system can only provide reasonable assurance of the Group achieving its objectives. The system will not provide absolute assurance against any material loss occurrence.

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.

3. Risk Management

During the financial year, the Internal Audit 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 Audit Department assisted the Audit Committee and Board of Directors by providing assessment and feedback the areas of:

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

The Company Secretary also briefed the Audit Committee and Board of Directors on the updates to the relevant laws and regulations, where applicable.

4. 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 Audit Department monitors remedial actions on internal control issues identified.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT (cont'd)

5. Internal Audit Function

In addition to the Internal Audit Department of the Company, the Group has also outsourced its internal audit function to Skrin Consulting Sdn Bhd, an independent professional consultancy firm to review the adequacy and integrity of the internal control system of the Group.

The internal audit function, led by the outsourced Internal Auditors, performed reviews on key processes within the Group and assessed the effectiveness of the internal control system. The Audit Committee is kept informed of the audit process, from the annual audit plan to the audit findings and reporting, and would thereafter report and make recommendation to the Board of Directors. The Management is responsible for ensuring that corrective actions are taken within the stipulated time frame on the reported weaknesses.

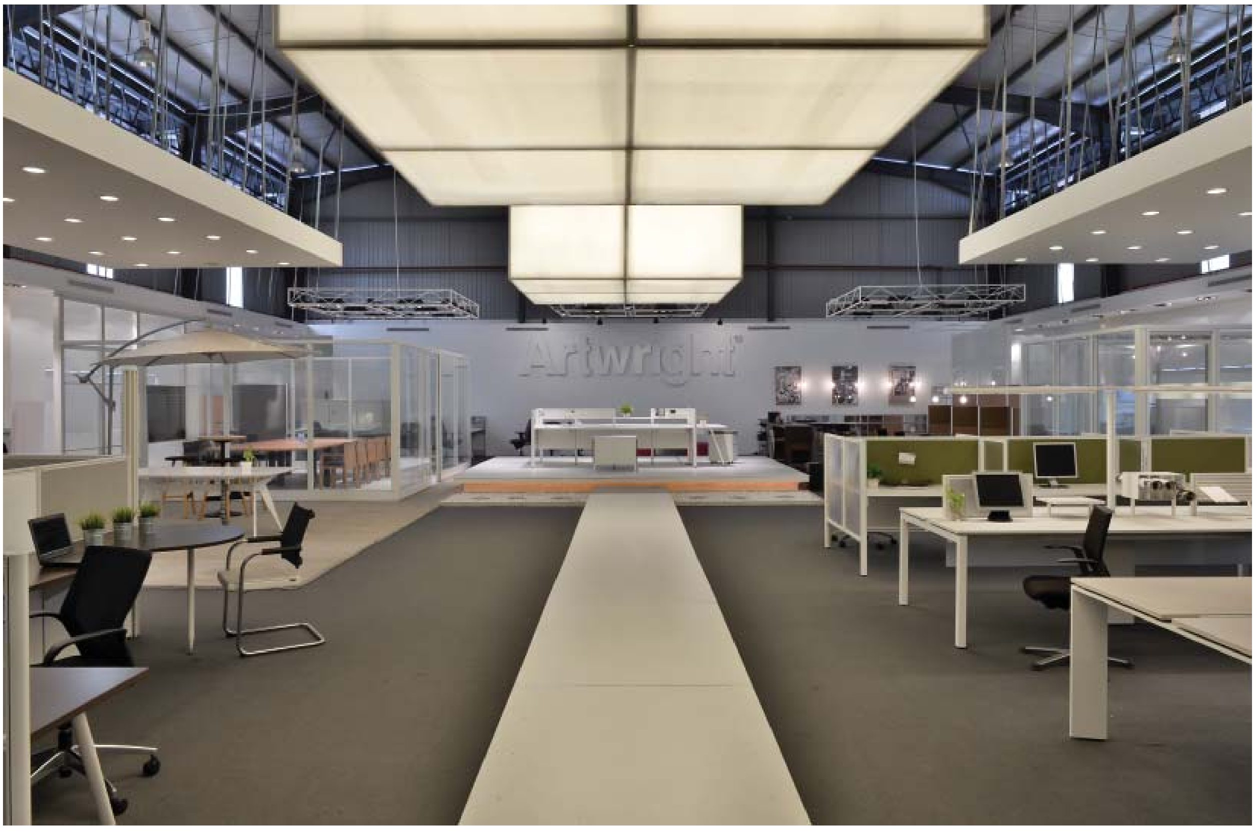
The Company has incurred approximately RM16,440.00 for the internal audit work conducted within the Group for the financial year ended 30 June 2014, including the fees for the out-sourced Internal Auditor.

6. Weaknesses in internal control that result in material losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Management continues to take measures to strengthen the internal control environment.

7. Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the financial year ended 30 June 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.



AUDIT COMMITTEE REPORT

A. Composition and Attendance

The members of the Audit Committee are as follows :-

Dr Folk Jee Yoong (Chairman/Independent Non-Executive Director)
Hee Teck Ming (Member/Independent Non-Executive Director)
Chan Chow Hun (Member/Independent Non-Executive Director)

The Board through the Nomination Committee assesses the members of the Audit Committee on an annual basis and once in every three (3) years would assess the effectiveness of the Audit Committee and each its members to determine whether the Audit Committee and members have carried out their duties in accordance with their Terms of Reference.

The meeting attendance is provided in the Corporate Governance Statement of this Annual Report.

B. 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, all the Committee members must be non-executive directors, with a majority of whom shall be independent 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 fulfil such other requirements as prescribed or approved 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.

AUDIT COMMITTEE REPORT (cont'd)

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 equires from any employees and all employees are directed to co-operate with any request made by the Committee.

- The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders to attend the meetings where necessary.

- The Committee shall have unrestricted access to both the internal and external auditors and is able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

- The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, 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, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (f) The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing on:-
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant and unusual events; and
  - (iii) compliance with accounting standards and other legal requirements;
- (h) any related party transactions and conflict of interest situation that may arise within the Company or Group.
- (i) any letter of resignation from the external auditors; and
- (j) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.

AUDIT COMMITTEE REPORT (cont'd)

(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.

(4) To report promptly to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by the Committee to the Board which has not been satisfactorily resolved resulting in breach of the Bursa Securities Listing Requirements.

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.

C. Meetings

There were five (5) meetings held during the financial year. During those meetings, the Audit Committee held two (2) private sessions with the External Auditors without the presence of the Executive Directors and management. During the private session, the Audit Committee enquired on the co-operation extended by Management in the course of their audit, the supply of information to facilitate the provision of the information and matters to be brought to the attention of the Audit Committee. The Audit Committee planned its meetings ahead and would obtain the consensus of the members before fixing the dates of the meetings to ensure the attendance of each member. The notice is served at least one week before each meeting and the meeting papers would be provided to each member. The Chairman of the Audit Committee would brief the Board at its meeting on the matters discussed during the Audit Committee's meeting held earlier. The update from the Audit Committee is a permanent agenda on the notice of the Board meeting.

D. Summary of Activities During the Financial Year

The principal activities undertaken by the Audit Committee during the financial year are summarised as follows :-

1. Reviewed the unaudited quarterly financial results prior to submission to the Board for consideration and approval for the announcement to be released.
2. Reviewed the annual audited financial statements, Directors' and Auditors' Reports and other significant accounting issues arising from the audit of the financial year ended 30 June 2014.
3. Reviewed with the External Auditors their audit plans for the financial year ended 30 June 2014 and conducted private meetings with them without the presence of the Executive Directors and management.
4. Reviewed with the Internal Auditors their audit plans, audit reports and status of pending matters.
5. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission to the Board for approval and inclusion in the 2014 annual report.

AUDIT COMMITTEE REPORT (cont'd)

E. 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.

In addition to the Internal Audit Department, the Company has also outsourced its internal audit function to Skrin Consulting Sdn Bhd, an independent professional consultancy firm with the aim of providing independent and systematic reviews on the systems of internal control. The Internal Audit function provides an independent and objective feedback to the Audit Committee and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. Throughout the financial year, the audit assignments were carried out in accordance with the annual internal audit plan.

On quarterly basis, the Internal Auditors report to the Audit Committee on their audit findings, their recommendations of the corrective actions to be taken by the Management together with the Management's responses in relation thereto. Periodically, the Internal Auditors will follow up to determine the extent of their recommendations that have been implemented by the Management.

The summary of activities of the Internal Auditors for the year under review is as follows:-

1. Prepared the annual audit plan for the approval of the Audit Committee.
2. Performed risk based audits on strategic business units of the Company and the Group.
3. Issued audit reports to the Audit Committee and Management identifying weaknesses and issues as well as highlighting recommendations for improvements.
4. Acted on suggestions made by the Audit Committee and/or senior management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.
5. Reported to the Audit Committee on review of the adequacy, appropriateness and compliance with the procedures established to monitor information technology management and the processes of procurement, inventory receiving and payment.
6. Attended Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.

The cost incurred for the internal audit function in respect of the financial year ended 30 June 2014 was approximately RM 16,440.00.

AHB HOLDINGS BERHAD

(Company No 274909A)
(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(In Ringgit Malaysia)

Company No. 274909 - A

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

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AHB HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors of **AHB HOLDINGS BERHAD** hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are disclosed in Note 12 to the Financial Statements.

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

RESULTS

	Group RM	Company RM
Net profit/(loss) for the financial year	729,561	(292,897)
Attributable to:		
Owners of the parent	729,561	
Non-controlling interests	-	
	729,561	

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the 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
Chan Chow Hun
Dr. Folk Jee Yoong
Hee Teck Ming
Mirzan bin Mahathir (resigned on 12.09.2014)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.20 each			
	Balance as of 1.7.2013	**Bought**	**Sold**	**Balance as of 30.6.2014**
Interest in the Company				
Direct interest				
Yong Yoke Keong	10,150,269	-	(3,184,432)	6,965,837
Hee Teck Ming	1,500	-	-	1,500
Indirect interest				
Mirzan bin Mahathir^	3,294,720	-	(3,294,720)	-

^ Deemed interested by virtue of his interest in Iskandar Holdings Sdn Bhd, the shareholder of the Company.

By virtue of their direct and indirect shareholdings in the Company, the above Directors are deemed to have an interest in the shares of all the subsidiaries 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

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Directors of the Company has received or become entitled to receive any benefit (other than as disclosed in Note 6 to 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 the Director is a member, or with a company in which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the following ordinary shares of RM0.20 each were issued by way of conversion of warrants:

Date of issue	Purpose of issue	Class of share	Number of shares	Term of issue
20 December 2013	Conversion of warrants	Ordinary shares	500,000	Cash
13 January 2014	Conversion of warrants	Ordinary shares	800,000	Cash
24 January 2014	Conversion of warrants	Ordinary shares	1,250,000	Cash
07 March 2014	Conversion of warrants	Ordinary shares	545,400	Cash
21 March 2014	Conversion of warrants	Ordinary shares	1,631,600	Cash
31 March 2014	Conversion of warrants	Ordinary shares	487,000	Cash

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

There were no debentures issued 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 under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves there were no bad debts to be written off and adequate provision had been made for doubtful debts; and

OTHER STATUTORY INFORMATION (CONT'D)

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps (cont'd):-

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(a) which would render it necessary to write off any bad debts or the amount of the provision 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 would 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 which 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.

In the opinion of the Directors:-

(a) 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 will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the result of operation of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has no arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature is likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events during and after the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

The Auditors, Messrs. SJ Grant Thornton have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

YONG YOKE KEONG

DR. FOLK JEE YOONG

Kuala Lumpur
31 October 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AHB HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 274909 - A

Report on the Financial Statements

We were engaged to audit the financial statements of **AHB HOLDINGS BERHAD**, which comprise the Statements of Financial Position as at 30 June 2014, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information as enumerated in Notes 1 to 32 and as set out on pages 9 to 68.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with approved standards on auditing in Malaysia. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

(i) As disclosed in Note 12 to the financial statements, AHB Technology Sdn Bhd, a wholly owned subsidiary of the Company had been wound up by the High Court under the provisions of the Companies Act 1965 on 27 June 2014 and the Official Receiver has been appointed as liquidator.

The accounts of the subsidiary continued to be consolidated into the group's financial statements as the Directors are confident to obtain a court order for a stay of the winding up against the subsidiary ("stay order") upon full payment of all proof of debts to Official Receiver or the withdrawal of any remaining outstanding proof of debts. The Company's legal counsel has given his legal opinion that, under the normal circumstances, the court will most likely grant the stay order when all the outstanding debts have been fully paid. Based on the legal opinion, the Directors are of the view that the loss of control is temporary in nature and therefore the subsidiary's accounts continued to be consolidated.

Report on the Financial Statements (cont'd)

(i) cont'd

There is material uncertainty as to when the stay order will be granted and the control of the subsidiary will be regained by the Company. We are unable to obtain sufficient appropriate audit evidence to ascertain the duration of the loss of control and the financial impact to the Group and to the Company.

The profit for the financial year, total assets and liabilities contributed by this subsidiary to the Group amounted to RM975,538, RM13,305,791 and RM10,556,436 respectively. At the Company level, the carrying amount of cost of investment and the amount due from this subsidiary were RM6,467,423 and RM31,180,957 respectively.

However, we are unable to determine whether the assets of this subsidiary, the cost of investment and the amount due from this subsidiary can be realised at their carrying amounts and whether any further liabilities may arise that may affect the results and financial positions of the Group and of the Company in the event that stay order is not granted.

(ii) One of the trade receivables of the Group amounting to RM1,153,302 has been long outstanding and is not impaired. Minimal payment was received from this receivable as at the date of this report. In the absence of any documentary evidence and alternative audit procedures, we are unable to obtain sufficient appropriate audit evidence to ascertain the recoverability of the abovementioned balance.

(iii) As stated in the Notes 11 and 14 to the financial statements, included in the total carrying amounts of goodwill on consolidation and deferred tax assets of the Group as at 30 June 2014 are RM1,056,989 and RM2,500,000 respectively, arising from AHB Technology Sdn Bhd, a wholly owned subsidiary of the Company. Based on the discounted cashflows projections prepared by the Directors, the Directors are of the opinion that the recoverable amounts approximate their carrying amounts, hence, no impairment losses needs to be made for these amounts. We are unable to ascertain the reasonableness of the assumptions used in the preparation of the discounted cashflows projections given the uncertainty of the matters mentioned in the paragraph (i) above.

We are unable to obtain sufficient appropriate information and explanations to satisfy ourselves with regards to the recoverable amounts of goodwill on consolidation and deferred tax assets of the Group as at 30 June 2014 and the effect of the impairment adjustment, if any, on the financial statements.

Similarly, we are also unable to determine the effect of impairment adjustments, if any, to the Company's cost of investment in and amount due from such subsidiary amounted to RM6,467,423 and RM31,180,957 respectively as at 30 June 2014.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfy ourselves that the accounts of the subsidiaries, except for the subsidiary as disclosed in the disclaimer of opinion paragraph above, that have been consolidated with the Company's financial statements 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 required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act except as disclosed in Note 12 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in page 69 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, 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 to any other person for the content of this report.

SJ GRANT THORNTON (NO. AF: 0737) CHARTERED ACCOUNTANTS	DATO' N.K. JASANI (NO:708/03/16(J/PH)) CHARTERED ACCOUNTANT

Kuala Lumpur
31 October 2014

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	4	13,468,296	12,472,365	-	-
Other operating income	5	127,243	11,517,450	102,000	11,492,000
Purchase of trading merchandise		(15,535,943)	(8,047,771)	-	-
Changes in trading merchandise		6,831,528	(2,147,389)	-	-
Directors' remuneration	6	(568,257)	(556,292)	(72,000)	(92,000)
Staff costs	5	(1,612,884)	(1,676,273)	-	-
Depreciation of property, plant and equipment	10	(68,078)	(92,573)	-	-
Finance costs	7	(422,372)	(4,402,066)	(214,332)	(226,782)
Other operating expenses	5	(1,398,108)	(15,367,536)	(108,565)	(12,261,166)
Profit/(Loss) before tax		821,425	(8,300,085)	(292,897)	(1,087,948)
Tax expense	8	(91,864)	(900,062)	-	-
Net profit/(loss) for the financial year		729,561	(9,200,147)	(292,897)	(1,087,948)
Other comprehensive income for the financial year		-	-	-	-
Total comprehensive income/(loss) for the financial year		729,561	(9,200,147)	(292,897)	(1,087,948)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		729,561	(9,200,147)	(292,897)	(1,087,948)
Non-controlling interest		-	-	-	-
		729,561	(9,200,147)	(292,897)	(1,087,948)

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Total comprehensive income/(loss) attributable to:					
Owners of the parent		729,561	(9,200,147)	(292,897)	(1,087,948)
Non-controlling interest		-	-	-	-
		729,561	(9,200,147)	(292,897)	(1,087,948)
Profit/(Loss) per ordinary share (sen)					
Basic	9 (a)	1.46	(19.11)		
Fully diluted	9 (b)	N/A	N/A		

The accompanying notes form an integral part of the financial statements.

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	332,986	391,094	-	-
Goodwill on consolidation	11	1,935,486	1,935,486	-	-
Investment in subsidiaries	12	-	-	21,800,425	21,800,425
Intangible assets	13	-	-	-	-
Deferred tax assets	14	2,500,000	2,500,000	-	-
Total non-current assets		4,768,472	4,826,580	21,800,425	21,800,425
Current assets					
Inventories	15	6,626,156	7,014,313	-	-
Trade receivables	16	11,108,511	7,351,523	-	-
Other receivables	17	3,968,075	5,071,126	157,957	-
Tax recoverable		-	-	-	3,357
Amount due from subsidiaries	18	-	-	31,246,748	30,500,432
Cash and bank balances		961,795	380,229	10,007	55
Total current assets		22,664,537	19,817,191	31,414,712	30,503,844
Total assets		27,433,009	24,643,771	53,215,137	52,304,269

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014 (CONT'D)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the parent:					
Share capital	19	10,669,080	9,626,280	10,669,080	9,626,280
Share premium	20	3,664,610	3,664,610	3,664,610	3,664,610
Capital reserve	21	21,305,406	21,305,406	21,305,406	21,305,406
Accumulated losses		(29,814,400)	(30,543,961)	(1,289,716)	(996,819)
Total equity		5,824,696	4,052,335	34,349,380	33,599,477
LIABILITIES					
Non-current liabilities					
Bank borrowings	22	-	2,037,527	-	1,716,929
Deferred tax liabilities	23	60,790	-	-	-
Total non-current liabilities		60,790	2,037,527	-	1,716,929
Current liabilities					
Trade payables	24	3,090,142	2,003,885	-	-
Other payables	25	9,547,242	10,026,499	6,731,383	6,816,675
Amount due to subsidiaries	26	-	-	8,953,574	8,974,836
Amount due to Directors	27	3,301,797	3,341,069	740,788	687,859
Bank borrowings	22	4,843,243	2,423,091	2,439,709	508,493
Tax payables		765,099	759,365	303	-
Total current liabilities		21,547,523	18,553,909	18,865,757	16,987,863
Total liabilities		21,608,313	20,591,436	18,865,757	18,704,792
Total equity and liabilities		27,433,009	24,643,771	53,215,137	52,304,269

The accompanying notes form an integral part of the financial statements.

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	← Attributable to owners' of the parents →				
	← Non-distributable →				
Group	**Share capital RM**	**Share premium RM**	**Capital reserve RM**	**Accumulated losses RM**	**Total RM**
Balance at 1 July 2012	48,131,398	3,664,610	-	(38,543,526)	13,252,482
Total comprehensive loss for the financial year	-	-	-	(9,200,147)	(9,200,147)
Transactions with owners:-					
Capital reduction	(38,505,118)	-	21,305,406	17,199,712	-
Balance at 30 June 2013	9,626,280	3,664,610	21,305,406	(30,543,961)	4,052,335
Total comprehensive income/(loss) for the financial year	-	-	-	729,561	729,561
Transactions with owners:-					
Issue of ordinary shares from the conversion of warrants	1,042,800	-	-	-	1,042,800
Balance at 30 June 2014	10,669,080	3,664,610	21,305,406	(29,814,400)	5,824,696

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)

	Attributable to owners' of the parents				
	Non-distributable				
Company	**Share capital RM**	**Share premium RM**	**Capital reserve RM**	**Accumulated losses RM**	**Total RM**
Balance at 1 July 2012	48,131,398	3,664,610	-	(17,108,583)	34,687,425
Total comprehensive loss for the financial year	-	-	-	(1,087,948)	(1,087,948)
Transaction with owners:-					
Capital reduction	(38,505,118)	-	21,305,406	17,199,712	-
Balance at 30 June 2013	9,626,280	3,664,610	21,305,406	(996,819)	33,599,477
Total comprehensive loss for the financial year	-	-	-	(292,897)	(292,897)
Transaction with owners:-					
Issue of ordinary shares from the conversion of warrants	1,042,800	-	-	-	1,042,800
Balance at 30 June 2014	10,669,080	3,664,610	21,305,406	(1,289,716)	34,349,380

The accompanying notes form an integral part of the financial statements.

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	821,425	(8,300,085)	(292,897)	(1,087,948)
Adjustments for:-				
Impairment loss on trade receivables	-	328,028	-	-
Impairment loss on investment in subsidiary	-	-	-	12,205,497
Inventories written off	-	2,798,217	-	-
Depreciation of property, plant and equipment	68,078	92,573	-	-
Other receivables written off	-	2,124,975	-	-
Trade receivables written off	-	10,298,121	-	-
Finance cost	422,372	4,402,066	214,332	226,782
Gain on disposal of property, plant and equipment	-	(22,467)	-	-
Unrealised loss on foreign exchange	52,679	61,511	-	-
Bad debts recovered	(14,183)	-	-	-
Waiver of Director's fee	(102,000)	-	(102,000)	-
Operating profit/(loss) before working capital changes	1,248,371	11,782,939	(180,565)	11,344,331
Changes in working capital:-				
Inventories	388,157	(650,828)	-	-
Receivables	(2,692,433)	160,410	(157,957)	-
Payables	606,818	(11,020,580)	(85,337)	6,617,789
Directors	62,728	725,275	154,929	274,801
Subsidiaries	-	-	(767,578)	(17,843,842)
Cash (used in)/generated from operations	(386,359)	997,216	(1,036,508)	393,079
Tax paid	(29,000)	-	-	-
Tax refund	3,660	6,921	3,660	6,921
Net cash (used in)/from Operating activities	(411,699)	1,004,137	(1,032,848)	400,000

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	-	24,826	-	-
Purchase of property, plant and equipment	(9,970)	(119,210)	-	-
Net cash used in investing Activities	(9,970)	(94,384)	-	-
CASH FLOWS FROM FINANCING ACTIVITES				
Finance costs paid	-	(215,390)	-	(215,390)
Repayment of borrowings	(39,565)	(317,822)	-	(184,610)
Proceeds from issuance of ordinary shares	1,042,800	-	1,042,800	-
Net cash from/(used in) financing Activities	1,003,235	(533,212)	1,042,800	(400,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	581,566	376,541	9,952	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	380,229	3,688	55	55
CASH AND CASH EQUIVALENTS AT END OF YEAR	961,795	380,229	10,007	55

The accompanying notes form an integral part of the financial statements.

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2014

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at B-11-10, Level 11, Megan Avenue 11, Jalan Yap Kwan Seng, 50450 Kuala Lumpur. The principal place of business of the Company is located at 17, Jalan Industri PBP 11, Pusat Bandar Puchong, 47100 Puchong, Selangor.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

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

The financial statements of the Group and of the Company have been authorised by the Board of Directors in accordance with a resolution of the directors on 31 October 2014.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirement of the Companies Act, 1965 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

(a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

(b) Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

(c) Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting date.

2. BASIS OF PREPARATION (CONT'D)

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, and IC Interpretations ("IC Int")

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

In the current financial year, the Group and the Company have applied a number of new and revised MFRSs and amendments to MFRSs which are mandatorily effective for financial periods that begin on or after 1 January 2013.

Initial application of the new and revised MFRSs and amendments/improvements to MFRSs and IC Int did not have material impact of the financial statements of the Group and the Company. The nature and the impact of these new standards and amendments are described below:-

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements

As a result of MFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. MFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

Management has reviewed its control assessments in accordance with MFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the application of MFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, and IC Interpretations ("IC Int") (cont'd)

The nature and the impact of these new standards and amendments to standards which are prospectively applicable to the Group and the Company are disclosed below:-

MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current period. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transaction that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the MFRS 13 in comparative information provided for periods before the initial application of the MFRS13. In accordance with these transitional provisions, the Group has not made any new disclosures required by MFRS 13 for the comparative period. Other than the additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

2.5 Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board but are not yet effective, and have not been adopted early by the Group and the Company.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (cont'd)

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of pronouncement. Information on new standards, amendments and interpretations that are expected to have impact on the Group's and the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's and the Company's financial statements.

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 requires financial assets to be classified into two measurement categories: fair value and amortised cost, determined at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Most of the requirements for financial liabilities are retained, except for cases where the fair value option is taken, the part of a fair value change due to an entity's own risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently examining the financial impact of adopting MFRS 9.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimated the useful lives of property, plant and equipment to be within 5 to 10 years and reviews the useful lives of depreciable assets at end of each reporting period. At 30 June 2014 management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The carrying amounts are analysed in Note 10 to the financial statements.

Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's loss to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 15 to the financial statements.

Impairment of loans and receivables

The Group and the Company assess at end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

The carrying amount of the Group's and the Company's loans and receivables at the end of the reporting date are disclosed in Notes 16 and 17 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances 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.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the Statement of Financial Position and the amount of unrecognised tax losses and unrecognised temporary differences.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.1 Subsidiaries (cont'd)

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position.

Upon the disposal of investment in a subsidiary, the difference between the net disposals proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.1.3 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business Combinations and Goodwill (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary company acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.4 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.2 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.3 Property, plant and equipment

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.3 **Property, plant and equipment (cont'd)**

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 repairs and maintenance are charged to the income statements during the financial year in which they incurred. Major renewals and improvements which extended the useful lives of the property, plant and equipment are capitalised.

Property, plant and equipment are depreciated over their estimated useful lives to write off the cost of each property, plant and equipment. The principal annual rates of depreciation used are as follows:-

Renovations	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 values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in statement of comprehensive income in the financial year in which the assets is derecognised.

3.4 **Intangible assets**

Development costs, which represent 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 proved to be unsuccessful, the related costs are charged immediately to the profit or loss.
The recoverable amount development cost is assessed on a regular basis, including when there is an indication that the assets may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The cost of trading merchandise comprises the original cost of purchase plus 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.

3.6 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at end of the each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.7 Financial Instruments

3.7.1 <u>Initial recognition and measurement</u>

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.2 Financial assets – categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) loans and receivables;
(b) financial assets at fair value through profit or loss;
(c) held to maturity investments; and
(d) available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when, the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

At the reporting date, the Group and the Company carried loans and receivables on their statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's cash and bank balances, trade and other receivables, fall into this category of financial instruments and amount due from subsidiaries

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.2 Financial assets – categorisation and subsequent measurement (cont'd)

Loans and receivables (cont'd)

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting date which are classified as non-current assets.

3.7.3 Financial liabilities – categorisation and subsequent measurement

After the initial recognition, financial liabilities are classified as:-

(a) financial liabilities at fair value through profit or loss;
(b) other financial liabilities measure at amortised cost using the effective interest method; and
(c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

As of the reporting date, the Group and the Company carried only other financial liabilities on their statements of financial position.

Other financial liabilities

The Group's and the Company's financial liabilities include bank borrowings, trade and other payables, amount due to subsidiaries and amount due to Directors.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. 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 reporting date.

3.8 Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Equity instruments (cont'd)

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3.9 Revenue recognition

Revenue is recognised based on gross invoiced value of goods sold upon delivery of products and customers' acceptance, net of discounts and returns and when the risks and rewards of ownership have passed to buyers.

3.10 Tax expenses

Tax expenses comprises current and deferred tax. Current tax and deferred tax is recognised in profit and loss except for the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.10.1 <u>Current tax</u>

Current tax expenses is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised in statement of financial position as liability (or asset) to the extent that it is unpaid (or refundable).

3.10.2 <u>Deferred tax</u>

Deferred tax liabilities and assets are provided for under the liability method in respect of all temporary differences at the end of the reporting period between the carrying amount of an asset or liability in the financial position and its tax base including unused tax losses and capital allowances.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Tax expense (cont'd)

3.10.2 Deferred tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except (cont'd):

- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised except :

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the 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 by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Tax expense (cont'd)

3.10.2 Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.12 Employee benefits

3.12.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

3.12.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the statement of comprehensive income as incurred. As required by law, the Group make such contributions to the Employees Provident Fund ("EPF").

3.13 Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Borrowings (cont'd)

Borrowings costs attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset during period of time that is required to complete and prepare the asset for its intended use. Such capitalisation ceases when substantially all activities necessary to prepare the asset for its intended use are completed.

All other borrowing costs are recognised as expenses in the statement of comprehensive income in the year in which they incurred.

3.14 Impairment of financial assets

The Group and the Company assess at end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.16 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.17 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs such that outflow is probable and can be measured reliably, they will then be recognised as a provision.

3.18 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flow (cash-generating units).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Impairment of non-financial assets (cont'd)

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or groups of cash-generating units are allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rate basis.

An impairment loss is recognised as an expense in the profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

3.19 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the holding company of the Group, or the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same Group; or
- (ii) one entity is an associate or joint venture of the other entity; or
- (iii) both entities are joint ventures of the same third party; or
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Related parties (cont'd)

(b) An entity is related to the Group if any of the following conditions applies:

(v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group; or

(vi) the entity is controlled or jointly-controlled by a person identified in (a) above; or

(vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

4. REVENUE

Revenue of the Group consists of sales of office interior products, drafting equipment, office furniture and specialised computer furniture.

5. OTHER OPERATING INCOME/(EXPENSES)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Audit fees	(99,000)	(93,000)	(29,000)	(25,000)
Impairment loss on trade receivables	-	(328,028)	-	-
Inventories written off	-	(2,798,217)	-	-
Impairment loss on investment in subsidiary	-	-	-	(12,205,497)
Depreciation of property, plant and equipment	(68,078)	(92,573)	-	-
Finance costs (Note 7)	(422,372)	(4,402,066)	(214,332)	(226,782)
Foreign exchange (loss)/gain:				
- Unrealised	(52,679)	(61,511)	-	-
- Realised	(187,485)	(680,451)	-	-
Other receivables written off	-	(2,124,975)	-	-
Trade receivable written off	-	(10,298,121)	-	-
Rental of premises	(262,208)	(251,758)	-	-
Rental of photocopier	(1,860)	-	-	-
Bad debt recovered	14,183	-	-	-
Settlement of profit guarantee	-	11,492,000	-	11,492,000
Waiver of directors fees	102,000	-	102,000	-

5. **OTHER OPERATING INCOME/(EXPENSES) (CONT'D)**

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Gain on disposal of property, plant and equipment	-	22,467	-	-

Staff costs include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF and SOCSO for the employees of the Group during the current financial year amounted to RM135,555 (2013: RM138,367) and RM10,477 (2013: RM9,840) respectively.

6. **DIRECTORS' REMUNERATION**

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Company's directors				
Executive directors:				
Fees	24,000	24,000	24,000	24,000
Salaries and other emoluments	447,259	414,540	-	-
EPF contributions	48,998	49,752	-	-
	520,257	488,292	24,000	24,000
Non-executive directors:				
Fees	48,000	68,000	48,000	68,000
	568,257	556,292	72,000	92,000

7. **FINANCE COSTS**

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Interest on:				
Long-term loans	422,190	398,964	214,287	215,390
Other payables	182	4,003,102	45	11,392
	422,372	4,402,066	214,332	226,782

8. TAX EXPENSE

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Current year provision	31,074	-	-	-
Transfer from deferred tax liabilities (Note 23)	60,790	-	-	-
Under provision in prior year	-	900,062	-	-
	91,864	900,062	-	-

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax	821,425	(8,300,085)	(292,897)	(1,087,948)
Tax at the application tax rate of 25 %	205,356	(2,075,021)	(73,224)	(271,987)
Tax effect in respect of:				
Non-allowable expenses	157,437	5,269,583	98,724	3,144,987
Income not subject to tax	(40,878)	(2,873,000)	(25,500)	(2,873,000)
Deferred tax assets not recognised	(245,500)	578,500	-	-
Utilisation of unabsorbed tax losses and capital allowance brought forward	(45,341)	-	-	-
Deferred tax liabilities	60,790	-	-	-
Tax expense for the financial year	91,864	900,062	-	-

The Group's and the Company's unutilised tax losses which can be carried forward to offset against future taxable profit amounted to approximately RM26,709,000 and RM427,000 (2013: RM27,692,000 and RM427,000) respectively.

The Group's unabsorbed capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM25,000 (2013: RM131,000).

The above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

9. PROFIT/(LOSS) PER ORDINARY SHARE

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

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

	Group	
	2014	**2013**
	RM	**RM**
Profit/(loss) attributable to ordinary equity holders of the Company	729,561	(9,200,147)
Weighted average number of ordinary shares in issue:		
Issue of ordinary shares from the conversion of warrants	1,931,177	-
Effect of ordinary shares issued during the financial year	48,131,398	48,131,398
Weighted average number of ordinary shares at 30 June	50,062,575	48,131,398
Basic profit/(loss) per ordinary share (sen)	1.46	(19.11)

The comparative basic earnings per share have been restated to take into account the effect of the changes in accounting policies on profit for the financial year.

(b) Fully diluted earnings per ordinary share

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

As at 30 June 2014, the outstanding warrants 2004/2014 totalling 5,214,000 unit have been exercised, and the balance of 14,000 unit are expired. Therefore, no diluted earnings per share have been calculated.

The diluted earnings per share of the Group in 2013 have not been presented as the average fair value of the shares of the Company is lower than the exercise price for the exercise of Warrants 2004/2014 to ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

Group

Cost	Renovations RM	Plant and machinery RM	Tools, equipment and moulds RM	Office and computer equipment, furniture and fittings and air-conditioners RM	Motor vehicles RM	Total RM
At 1 July 2012	210,000	48,509	849,087	9,825,646	-	10,933,242
Additions	85,250	-	-	5,960	28,000	119,210
Disposals	-	-	-	(1,384,434)	-	(1,384,434)
At 30 June 2013	295,250	48,509	849,087	8,447,172	28,000	9,668,018
Additions	-	-	4,350	5,620	-	9,970
Written off	-	-	-	(180,963)	-	(180,963)
At 30 June 2014	295,250	48,509	853,437	8,271,829	28,000	9,497,025
Accumulated depreciation						
At 1 July 2012	95,806	32,355	796,560	9,641,705	-	10,566,426
Charge for the financial year	20,148	2,886	25,932	41,274	2,333	92,573
Disposals	-	-	-	(1,382,075)	-	(1,382,075)
At 30 June 2013	115,954	35,241	822,492	8,300,904	2,333	9,276,924
Charge for the financial year	22,179	2,165	8,674	29,787	5,273	68,078
Written off	-	-	-	(180,963)	-	(180,963)
At 30 June 2014	138,133	37,406	831,166	8,149,728	7,606	9,164,039
Net carrying amount						
At 30 June 2014	157,117	11,103	22,271	122,101	20,394	332,986
At 30 June 2013	179,296	13,268	26,595	146,268	25,667	391,094

11. GOODWILL ON CONSOLIDATION

	Group	
	2014	2013
	RM	RM
At beginning/ end of the year	1,935,486	1,935,486

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 key assumptions used for the value-in-used calculations are:-

Growth rate		Gross margin		Discount rate	
2014	2013	2014	2013	2014	2013
%	%	%	%	%	%
34	28	35	36	5	5

The following describes each key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:-

(a) Budgeted growth rate

The budgeted growth rate is determined based on the industry trends and past performances.

(b) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(c) Discount rate

The discount rate used is pre-tax and reflect specific risks relating to the relevant operation.

The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause recoverable amount to be lower than its carrying amount.

12. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	40,100,922	40,100,922
Less: Accumulated impairment losses	(18,300,497)	(18,300,497)
	21,800,425	21,800,425

Movement in allowance for impairment losses on investment in subsidiaries:-

	2014 RM	2013 RM
At 1 July	18,300,497	6,095,000
Impairment loss recognised	-	12,205,497
At 30 June	18,300,497	18,300,497

After considering the future prospects and profitability of the subsidiaries, the Directors are of the opinion that no additional 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 subsidiaries in the financial statements of the Company during the financial year.

The details of the subsidiaries, all incorporated in Malaysia, are as follows:-

Subsidiaries	Effective Equity Interest 2014	Effective Equity Interest 2013	Principal Activities
AHB Technology Sdn. Bhd.*	100%	100%	Trading of office furniture and specialised computer furniture
AHB Marketing Sdn. Bhd.	100%	100%	Trading of office interior Products
Create Space Sdn. Bhd.	100%	100%	Trading of office interior products
AHB Distribution Sdn. Bhd.	100%	100%	Trading of office interior products

*On 27 June 2014, the subsidiary has been wound up by the High Court under the provision of the Companies Act, 1965 and that the Official Receiver has been appointed as Liquidator of the subsidiary. Special audit has been performed for the purpose of the consolidation. Disclaimer of opinion has been expressed in the auditor’s report on material uncertainty on the recoverability of the trade receivables and impairment of deferred tax assets as well as the going concern basis of preparation of financial statements of the subsidiary.

13. INTANGIBLE ASSETS

Group

	Development costs RM
Cost	
Balance as of 1 July 2012/ 30 June 2013/ 30 June 2014	4,259,929
Accumulated amortisation	
Balance as of 1 July 2012/ 30 June 2013/ 30 June 2014	(4,259,929)
Net carrying amount	
Balance as of 1 July 2012/ 30 June 2013/ 30 June 2014	-

14. DEFERRED TAX ASSETS

	Group	
	2014 RM	2013 RM
Balance as at 30 June	2,500,000	2,500,000

The deferred tax assets of the Group which are calculated at the current tax rate, have been recognised in the financial statements as the Directors are reasonably certain that the assets are realisable based on the estimated future profits.

The deferred tax assets recognised are in respect of the tax effects of the following:

	Group	
	2014 RM	2013 RM
Unutilised tax losses	2,500,000	2,500,000

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.

14. DEFERRED TAX ASSETS (CONT'D)

As at the reporting date, the amount of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unutilised tax losses	26,709,000	27,692,000	427,000	427,000
Unabsorbed capital allowances	25,000	131,000	-	-
Temporary differences arising from:				
Property, plant and equipment	-	(218,000)	-	-
Receivables	3,318,000	3,318,000	-	-
Inventories	-	111,000	-	-
	30,052,000	31,034,000	427,000	427,000

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of its subsidiaries in the Group and those arose in subsidiaries that have a recent history of losses.

15. INVENTORIES

	Group	
	2014 RM	2013 RM
Trading merchandise	6,626,156	7,014,313

	2014 RM	2013 RM
Recognised in profit and loss:-		
Inventories recognised as cost of sales	4,598,482	2,147,389
Inventories written down	-	2,798,217

16. TRADE RECEIVABLES

	Group	
	2014 RM	2013 RM
Trade receivables	14,426,037	10,669,049
Less: Impairment losses	(3,317,526)	(3,317,526)
	11,108,511	7,351,523

16. TRADE RECEIVABLES (CONT'D)

Movement in allowance for impairment losses of trade receivables:-

	2014 RM	2013 RM
At 1 July	3,317,526	20,950,845
Impairment loss recognised	-	328,028
Impairment loss written off	-	(17,961,347)
At 30 June	3,317,526	3,317,526

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on trade receivables is normally 30 (2013: 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.

17. OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-trade receivables	3,693,004	4,954,012	-	-
Less : Impairment lossess	-	-	-	-
	3,693,004	4,954,012	-	-
Refundable deposits	117,114	117,114	-	-
Prepayment	157,957	-	157,957	-
	3,968,075	5,071,126	157,957	-

Movement in allowance for impairment losses of other receivables:-

	2014 RM	2013 RM
At 1 July	-	4,823,959
Impairment loss written off	-	(4,823,959)
At 30 June	-	-

18. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries arose mainly from management fees charged in prior financial years, advances and payments made on behalf, they are unsecured, interest free and repayable on demand.

18. AMOUNTS DUE FROM SUBSIDIARIES (CONT'D)

As at 30 June, the significant outstanding balances due from subsidiaries arising from trade and non-trade transactions are as follows:-

	Company	
	2014 RM	2013 RM
Amount due from subsidiaries		
AHB Technology Sdn Bhd		
Trade/Non-trade	31,180,958	30,434,641
AHB Distribution Sdn Bhd		
Trade/Non-trade	65,790	65,791
	31,246,748	30,500,432

19. SHARE CAPITAL

	Group and Company	
	2014 RM	2013 RM
Authorised:		
5,000,000,000 ordinary shares of RM0.20 each		
At beginning/end of year	1,000,000,000	1,000,000,000
Issued and fully paid:		
At beginning/end of year:		
48,131,398 ordinary shares of RM1.00 each	-	48,131,398
Capital reduction	-	(38,505,118)
48,131,398 ordinary shares of RM0.20 each	9,626,280	-
Conversion of warrant to ordinary shares	1,042,800	-
At end of year:		
53,345,398 ordinary shares of RM0.20 each (2013: 48,131,398 ordinary shares of RM0.20 each)	10,669,080	9,626,280

The Company issued free detachable warrants for the issuance of new ordinary shares through a private placement in 2005 (Warrants 2004/2014). As at 30 June 2014, the outstanding Warrants 2004/2014 totalling 5,214,000 unit have been exercised and the balance of 14,000 unit are expired.

19. SHARE CAPITAL (CONT'D)

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 issuance 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 such new ordinary shares 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.

20. SHARE PREMIUM

Share premium arose from the issuance of shares and conversion of Irredeemable Convertible Unsecured Loan Stock ("ICULS") in prior financial years, net of bonus issue and issue expenses.

21. CAPITAL RESERVE

The capital reserve arose from the Capital Reduction amounted to RM38,505,118 and was used to offset RM17,199,712 of its accumulated losses at the date when the reduction of share capital become effective in previous financial year.

The remaining credit after off-setting amounting to RM21,305,406 was credited to the capital reserve of the Group and of the Company.

22. BANK BORROWINGS

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Secured				
Term-out loans	1,270,349	1,160,598	-	-
Term loan	3,572,894	3,300,020	2,439,709	2,225,422
Total	4,843,243	4,460,618	2,439,709	2,225,422
Less: Amount due within 12 months	(4,843,243)	(2,423,091)	(2,439,709)	(508,493)
Non-current portion	-	2,037,527	-	1,716,929

The non-current portion is repayable as follows:

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Later than 1 year but not later than 2 years	-	752,598	-	338,182
Later than 2 year but not later than 5 years	-	1,284,929	-	1,378,747
Non-current portion	-	2,037,527	-	1,716,929

Company

During financial year ended 30 June 2011, 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 by monthly instalments of RM36,000 each commencing on September 2010 until full settlement of the loan. The new term loan is secured by a personal guarantee of a Director and a corporate guarantee of one of its subsidiaries.

22. BANK BORROWINGS (CONT'D)

Group

The term-out loan bears interest at a rate of 1.0% (2013: 1.0%) per annum above the lending banks' base lending rates.

The term loans bear interest at a rates ranging from 1.5% to 2.0% (2013: 1.5% to 2.0%) per annum above the lending banks' base lending rates.

During the financial year ended 30 June 2011, the term-out loan and term loans have been restructured. The principal amounts outstanding including its interest shall be payable by way of monthly instalments of RM35,000 and RM38,066 respectively until full settlement.

The term-out loans and term loans are secured by a third party legal charge over a piece of industrial land and building registered in the name of a Director and a close family member of a director of the Company and a corporate guarantee from the holding company.

All loans obtained by the Group and the Company are denominated in Ringgit Malaysia ("RM").

Default in payment

(i) Term - out loan

On 19 August 2013, the subsidiary, AHB Technology Sdn. Bhd. has defaulted the repayment term of term-out loans amounting to RM1,270,349. Consequently, the amount is classified as short-term.

(ii) Term loan

On 24 June 2014, the Group and the Company have defaulted the repayment term of the term loan of RM3,247,670 and RM2,439,709. However, the Group and the Company have fully settled the said term loan on 15 October 2014.

23. DEFERRED TAX LIABILITIES

	Group	
	2014	**2013**
	RM	**RM**
At 1 July	-	-
Recognised in profit or loss (Note 8)	60,790	-
At 30 June	60,790	-

23. DEFERRED TAX LIABILITIES (CONT'D)

	Group	
	2014	2013
	RM	RM
Deferred tax liabilities comprise the following:-		
Property, plant and equipment	243,160	-
	243,160	-

24. TRADE PAYABLES

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 (2013: 30 to 100) days.

25. OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Non-trade payables	7,989,787	8,480,679	6,613,642	6,702,934
Accrued expenses	1,557,455	1,545,820	117,741	113,741
	9,547,242	10,026,499	6,731,383	6,816,675

Included in other payable of the Group and of the Company is an amount of RM6,469,571 (2013: RM6,469,571) due to third party that resulted from the amount of assigned and offset against the amount of profit guarantee undertaken during previous financial year.

26. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries arose mainly from management fees charged in prior financial years, advances and payments made on behalf, they are unsecured, interest free and repayable on demand with cash settlement.

As at 30 June, the significant outstanding balances due to subsidiaries arising from trade and non-trade transactions are as follows:-

	Company	
	2014	**2013**
	RM	**RM**
Amount due to subsidiaries		
AHB Marketing Sdn Bhd		
Trade/Non-trade	(8,951,951)	(8,973,213)
Create Space Sdn Bhd		
Trade/Non-trade	(1,623)	(1,623)
	(8,953,574)	(8,974,836)

27. AMOUNT DUE TO DIRECTORS

The amount due to Directors arose from fees payable to the Directors and advances given to the Company. The amount due are unsecured, interest free and repayable on demand.

28. RELATED PARTY DISCLOSURE

Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 6 to the financial statements. The Company have no other numbers of key management personnel apart from the Board of Directors.

29. FINANCIAL INSTRUMENTS

(i) Categories of Financial Instruments

The table below provides an analysis of financial statements categorised as:-

(i) Loans and receivables (L&R)
(ii) Other financial liabilities (AC) measured at amortised cost

2014	Carrying amount RM	L&R RM	AC RM
Group			
Financial assets			
Trade receivables (Note 16)	11,108,511	11,108,511	-
Other receivables (Note 17)	3,810,118	3,810,118	-
Cash and bank balances	961,795	961,795	-
	15,880,424	15,880,424	-
Financial liabilities			
Trade payables	3,090,142	-	3,090,142
Other payables (Note 25)	9,547,242	-	9,547,242
Amount due to Directors	3,301,797	-	3,301,797
Bank borrowings (Note 22)	4,843,243	-	4,843,243
	20,782,424	-	20,782,424
2013			
Financial assets			
Trade receivables (Note 16)	7,351,523	7,351,523	-
Other receivables (Note 17)	5,071,126	5,071,126	-
Cash and bank balances	380,229	380,229	-
	12,802,878	12,802,878	-
Financial liabilities			
Trade payables	2,003,885	-	2,003,885
Other payables (Note 25)	10,026,499	-	10,026,499
Amount due to Directors	3,341,069	-	3,341,069
Bank borrowings (Note 22)	4,460,618	-	4,460,618
	19,832,071	-	19,832,071

29. FINANCIAL INSTRUMENTS (CONT'D)

(i) Categories of Financial Instruments (cont'd)

	Carrying amount RM	L&R RM	AC RM
2014			
Company			
Financial assets			
Amount due from subsidiaries	31,246,748	31,246,748	-
Cash and bank balances	10,007	10,007	-
	31,256,755	31,256,755	-
Financial liabilities			
Other payables (Note 25)	6,731,383	-	6,731,383
Amount due to subsidiaries	8,953,574	-	8,953,574
Amount due to Directors	740,788	-	740,788
Bank borrowings (Note 22)	2,439,709	-	2,439,709
	18,865,454	-	18,865,454
2013			
Financial assets			
Amount due from subsidiaries	30,500,432	30,500,432	-
Cash and bank balances	55	55	-
	30,500,487	30,500,487	-
Financial liabilities			
Other payables (Note 25)	6,816,675	-	6,816,675
Amount due to subsidiaries	8,974,836	-	8,974,836
Amount due to Directors	687,859	-	687,859
Bank borrowings (Note 22)	2,225,422	-	2,225,422
	18,704,792	-	18,704,792

29. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risks Management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the board of directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Following are the areas where the Group and the Company are exposed to credit risk:-

(i) <u>Receivables</u>

As at the end of the reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values.

29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

(i) Receivables (cont'd)

A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk and are monitored individually.

The ageing analysis of these trade receivables is as follows:-

2014 **Group**	**Gross** **RM**	**Individually impaired** **RM**	**Net** **RM**
Not past due	576,376	-	576,376
Past due 1-30 days	2,566,829	-	2,566,829
Past due 31-60 days	55,223	-	55,223
Past due 61-90 days	37,986	-	37,986
Past due 91-120 days	68,821	-	68,821
More than 121 days	11,120,802	(3,317,526)	7,803,276
	14,426,037	(3,317,526)	11,108,511

2013 **Group**	**Gross** **RM**	**Individually impaired** **RM**	**Net** **RM**
Not past due			
Past due 1-30 days	284,059	-	284,059
Past due 31-60 days	396,948	-	396,948
Past due 61-90 days	5,541	-	5,541
Past due 91-120 days	297,355	-	297,355
More than 121 days	9,685,146	(3,317,526)	6,367,620
	10,669,049	(3,317,526)	7,351,523

29. **FINANCIAL INSTRUMENTS (CONT'D)**

(ii) **Financial Risks Management (cont'd)**

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

(i) Receivables (cont'd)

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

Receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 30 June 2014, trade receivables of the Group of RM10,532,135 (2013: RM7,067,464) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

In respect of trade and other receivables, the Group and the Company are not exposed to any single counterparty or any group of counterparties having similar characteristics.

(ii) Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors their results regularly.

As at the end of the reporting date, there was no indication that advances to the subsidiaries is not recoverable.

The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

(ii) <u>Intercompany balances (cont'd)</u>

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

(iii) <u>Financial/corporate guarantees</u>

The Company provides unsecured corporate guarantees to licensed banks in respect of banking facilities totalling RM2,403,534 (2013: RM2,235,000) granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by them.

On 19 August 2013, the subsidiary, AHB Technology Sdn. Bhd. ("ATSB") has defaulted the repayment term of the term-out loan amounting to RM1,270,349. Consequently, the amount is classified as short-term.

On 24 June 2014, ATSB has defaulted the repayment term of the term loan of RM807,961. However, ATSB has fully settlement the said term loan on 15 October 2014.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due as a result of shortage of funds.

In managing its exposure to liquidity risk arises principally from its various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contracted undiscounted repayment obligation is as follow:-

2014	Carrying amount RM	Contractual cash flows RM	Maturity Within 1 year RM	1 to 2 years RM	2 to 5 years RM
Group					
Trade payables	3,090,142	3,090,142	3,090,142	-	-
Other payables	9,547,242	9,547,242	9,547,242	-	-
Amount due to Directors	3,301,797	3,301,797	3,301,797	-	-
Bank borrowings	4,843,243	5,173,506	5,173,506	-	-
	20,782,424	21,112,687	21,112,687	-	-
2013					
Trade payables	2,003,885	2,003,885	2,003,885	-	-
Other payables	10,026,499	10,026,499	10,026,499	-	-
Amount due to Directors	3,341,069	3,341,069	3,341,069	-	-
Bank borrowings	4,460,618	4,743,062	2,364,802	1,008,870	1,369,390
	19,832,071	20,114,515	17,736,255	1,008,870	1,369,390

29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contracted undiscounted repayment obligation is as follow (cont'd):-

	Carrying amount RM	Contractual cash flows RM	Maturity Within 1 year RM	1 to 2 years RM	2 to 5 years RM
2014					
Company					
Other payables	6,731,383	6,731,383	6,731,383	-	-
Amount due to subsidiaries	8,953,574	8,953,574	8,953,574	-	-
Amount due to Directors	740,788	740,788	740,788	-	-
Bank borrowings	2,439,709	2,477,782	2,477,782	-	-
	18,865,454	18,903,527	18,903,527	-	-
2013					
Other payables	6,816,675	6,816,675	6,816,675	-	-
Amount due to subsidiaries	8,974,836	8,974,836	8,974,836	-	-
Amount due to Directors	687,859	687,859	687,859	-	-
Bank borrowings	2,225,422	2,409,390	608,000	432,000	1,369,390
	18,704,792	18,888,760	17,087,370	432,000	1,369,390

29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group. The currency giving rise to this risk is primarily US Dollar (USD) and Singapore Dollar (SGD).

The Group exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period were as follows:-

Group	**Denominated in**	
	SGD	**USD**
2014	**RM**	**RM**
Trade receivables	-	8,872,476
Cash and bank balances	-	874,478
Trade payable	1,132	40,906

	Denominated in USD
2013	**RM**
Trade receivables	7,894,225
Cash and bank balances	359,264

The Group do not practice cash flow hedge and does not enter into forward current contracts to mitigate its exposure to foreign currency risks.

29. **FINANCIAL INSTRUMENTS (CONT'D)**

(ii) **Financial Risks Management (cont'd)**

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Foreign currency risk (cont'd)**

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD and SGD exchange rates against the respective functional currency of the Group, with all other variables held constant.

	Increase/ (Decrease)	
Group	Profit/(Loss) for the year	Equity
2014	RM	RM
USD/RM		
- Strengthened 0.15%	14,682	14,682
- Weakened 0.15%	(14,682)	(14,682)
SGD/RM		
- Strengthened 0.19%	2	2
- Weakened 0.19%	(2)	(2)
2013		
USD/RM		
- Strengthened 0.09%	7,182	7,182
- Weakened 0.09%	(7,182)	(7,182)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

(d) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Interest rate risk

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amounts as at the end of the reporting period were as follows:-

	Group	Company
2014	**RM**	**RM**
Floating rate instruments		
Financial liabilities		
Borrowings	4,843,243	2,439,709
2013		
Floating rate instruments		
Financial liabilities		
Borrowings	4,460,618	2,225,422

29. **FINANCIAL INSTRUMENTS (CONT'D)**

(ii) **Financial Risks Management (cont'd)**

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) **Interest rate risk (cont'd)**

The Group and the Company do not account for any fixed rate financial assets and liabilities through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit and loss.

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in interest rates of +/- 100 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		Equity	
	+100 bp	-100 bp	+100 bp	-100 bp
Group	RM	RM	RM	RM
30 June 2014	48,432	(48,432)	48,432	(48,432)
30 June 2013	44,606	(44,606)	44,606	(44,606)

	Profit for the year		Equity	
	+100 bp	-100 bp	+100 bp	-100 bp
Company	RM	RM	RM	RM
30 June 2014	24,397	(24,397)	24,397	(24,397)
30 June 2013	22,254	(22,254)	22,254	(22,254)

Fair value of financial instruments

The carrying amounts of short term receivables and payable, cash and cash equivalent and short term borrowing approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

29. FINANCIAL INSTRUMENTS (CONT'D)

Fair value of financial instruments (cont'd)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

Group	Fair value of financial instruments not carried at fair value RM	Carrying amount RM
2014		
Financial liability		
Borrowings	4,843,243	4,843,243
2013		
Financial liability		
Borrowings	3,181,769	4,460,618

* Comparative figures have not been analysed by level, by virtue of transitional provision given in Appendix C2 of MFRS 13.

<u>Policy on transfer between levels</u>

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

<u>Level 2 Fair value</u>

Level 2 fair value is estimated using inputs other than quoted prices included within level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up-capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

31. OPERATING SEGMENT

The Board of Directors reviews internal management reports on at least a quarterly basis. Operating segments are components in which separate financial information is available that is evaluated regularly by the management in deciding how to allocate resources and in assessing performance of the Group.

Business segment

Information relating to business segment is not presented as the Group has identified the business of office interior products, office furniture and specialised computer furniture as its sole operating segment.

Geographical segment

(i) Revenue of the Group by geographical location of the customers are as follows:-

	Revenue	
	2014	**2013**
	RM	**RM**
South-Eastern Asia	4,238,439	2,954,972
Middle East	6,049,774	7,097,957
South-Central Asia	2,364,038	1,906,164
America	816,045	513,272
	13,468,296	12,472,365

Major customers

Revenue from 2 (2013: 2) customers of the Group amounted to RM7,930,021 (2013: RM7,097,058) contributed to more than 59% (2013: 57%) of the Group's revenues.

31. OPERATING SEGMENT (CONT'D)

Geographical segment (cont'd)

(ii) Non-current assets

Non-current assets information are not presented by geographical location as all the non-current assets are located in Malaysia.

32. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(i) On 19 August 2013, Maybank Berhad had initiated a legal proceeding against AHB Technology Sdn. Bhd., a subsidiary of the Company, by serving a Writ of Summon dated 14 August 2013 together with Statement of Claims dated 13 August 2013, for the total amount due and owing by AHB Technology Sdn. Bhd. to Maybank Berhad under the term loan facilities is RM1,139,016.57 as at 3 March 2013, plus the interest accrued therein until the date of full settlement.

On 29 November 2013, the High Court of Kuala Lumpur that the court had granted judgement to Maybank Berhad and the subsidiary, AHB Technology Sdn. Bhd. ("ATSB") is going to appeal on this judgement. The hearing of appeal will held on 1 April 2014.

On 29 February 2014, an application to Kuala Lumpur High Court for stay of execution is fixed on 3 March 2014 for hearing.

On 10 March 2014, the application for the stay of execution was dismissed by the Kuala Lumpur High Court. ATSB continued to negotiate with Maybank Berhad ("MBB") for an amicable settlement arrangement with MBB.

On 31 March 2014, ATSB had received a petition to wind-up by the Court under the provisions of the Companies Act, 1965, with the appointment of a liquidator and allowed the Court of and incidental to the winding-up to be taxed by petition and the petition is to be heard on 27 June 2014.

On 27 June 2014, the Judge had allowed the winding-up of the ATSB under the provision of the Companies Act, 1965 and that the Official Receiver be appointed as Liquidator of ATSB. The Directors are confident that upon full payment of all proof of debts to Official Receiver or the settlement to others effected with the withdrawal of any remaining outstanding proof of debts, they will be able to file a successful application in court for a court order of stay of the winding up against the subsidiary.

32. **SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (CONT'D)**

(ii) On 29 October 2013, the Company had proposed to undertake a renounceable rights issue of up to 106,718,796 new ordinary shares of RM0.20 each in AHB ("AHB Shares") ("Rights Shares") on the basis of two (2) Rights Shares for every one (1) existing AHB Share held on an entitlement date to be determined later, together with up to 71,145,864 free detachable new warrants ("New Warrants") on the basis of two (2) New Warrants for every three (3) Rights Shares subscribed by the entitled shareholders ("Proposed Rights Issue of Shares with Warrants").

On 6 June 2014, the Company have revised the application of the Proposed Rights Issue of Shares with Warrants to Proposed renounceable right issue of up to 106,690,796 Rights Shares on the basis of two (2) Rights Shares for every one (1) existing AHB Share held on the Entitlement Date together with up to 71,127,197 New Warrants on the basis of two (2) New Warrants for every three (3) Rights Shares subscribed by the entitled shareholders.

On 12 June 2014, the Proposed Rights Issue of Shares with Warrants have been approved by Bursa Securities Malaysia Berhad.

On 16 July 2014, the Proposed Rights Issue of Shares with Warrants have been approved by the resolution of the shareholders of the Company at the Extraordinary General Meeting.

On 5 September 2014, the Company announced that the Rights Issue of Shares with free Warrants has been completed with the listing of 106,690,796 new ordinary shares of RM0.20 each in AHB ("AHB Shares") ("Rights Shares") on the basis of two (2) Rights Shares for every one (1) existing AHB Share held as at 5.00pm on 7 August 2014 of an issue price of RM0.20 per right share, together with 71,126,961 free detachable new warrants ("New Warrants") on the basis of two (2) New Warrants for every three (3) Rights Shares subscribed by the entitled shareholders ("Proposed Rights Issue of Shares with Warrants").

33. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

Bursa Malaysia Securities Berhad has on 25 March 2010 and on 20 December 2010, issued directives require all listed corporations to disclose the breakdown of retained earnings or accumulated losses into realised and unrealised on Group and Company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of accumulated losses as at the reporting date has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total accumulated losses of the Company and its subsidiaries				
- Realised	(41,042,013)	(41,823,532)	(1,289,716)	(996,819)
- Unrealised	2,386,531	2,438,489	-	-
	(38,655,482)	(39,385,043)	(1,289,716)	(996,819)
Less: Consolidation adjustments	8,841,082	8,841,082	-	-
Total accumulated losses as per consolidated financial statements	(29,814,400)	(30,543,961)	(1,289,716)	(996,819)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The Directors of **AHB HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 at 30 June 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out on page 69 to the financial statements had been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

____
YONG YOKE KEONG

____
DR. FOLK JEE YOONG

Kuala Lumpur
31 October 2014

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, YONG YOKE KEONG, being the Director primarily responsible for the financial management of **AHB HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements and the financial information set out on page 69 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

____
YONG YOKE KEONG

Subscribed and solemnly declared by the
abovenamed at **KUALA LUMPUR** this
31 October 2014

Before me,

____
COMMISSIONER FOR OATHS
S. ARULSAMY (W.490)

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

Authorised Share Capital:	RM200,000,000.00
Issued and Fully Paid-up Capital:	RM32,007,238.80 comprising 160,036,194 ordinary shares of RM0.20 each
Class of Shares:	Ordinary Shares of RM0.20 each
Voting Rights:	1 vote per Ordinary Share

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 OCTOBER 2014 :

NO. OF HOLDERS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	58	3.14	2,972	0.00
100 - 1,000	167	9.03	106,602	0.07
1,001 - 10,000	827	44.70	3,594,003	2.25
10,001 - 100,000	609	32.92	24,361,646	15.22
100,001 - 8,001,808 (*)	186	10.05	75,706,625	47.31
8,001,809 AND ABOVE (**)	3	0.16	56,264,346	35.16
TOTAL :	1,850	100.00	160,036,194	100.00

REMARK :

* - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

DIRECTORS' SHAREHOLDINGS AS AT 30 OCTOBER 2014 :

	---Direct---		---Indirect--	
Name of Directors	**No. of Shares held**	**%**	**No. of Shares held**	**%**
Yong Yoke Keong	21,671,511	13.54	-	-
Chan Chow Hun	-	-	-	-
Dr Folk Jee Yong	-	-	-	-
Hee Teck Ming	1,500	-*	-	-

* Negligible

STATISTICS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 OCTOBER 2014

No.	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Yong Yoke Keong	21,671,511	13.54		
2.	Dexx Technologies Sdn Bhd	28,060,746	17.53		
3.	Dato' Tiong Kwing Hee	-	-	28,060,746*	17.53
4.	Muhamad Fazil Bin Khalid	-	-	28,060,746*	17.53
5.	Koperasi Permodalan Felda Malaysia Berhad	17,000,000	10.62		

* Deemed interest by virtue of his shareholdings in Dexx Technologies Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

LIST OF TOP 30 SHAREHOLDERS AS AT 30 OCTOBER 2014

No.	Name	No. of Shares	%
1	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dexx Technologies Sdn Bhd (margin)	28,060,746	17.53
2	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Yoke Keong (margin)	19,203,600	12.00
3	Koperasi Permodalan Felda Malaysia Berhad	9,000,000	5.62
4	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Soon Heng (E-JBU)	5,679,500	3.55
5	Koperasi Permodalan Felda Malaysia Berhad	5,000,000	3.12
6	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Trident Target Sdn Bhd (margin)	3,203,700	2.00
7	Koperasi Permodalan Felda Malaysia Berhad	3,000,000	1.87
8	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Yoke Keong (4966 JTRK)	2,452,800	1.53
9	Lau Chuan Hoo	1,600,000	1.00
10	Trident Target Sdn Bhd	1,560,500	0.98
11	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Lih Meng	1,400,000	0.87
12	Julian Cheah Wai Meng	1,290,000	0.81
13	Lee Kok Hoong	1,100,000	0.69
14	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Chew Keat (4966 JTRK)	1,051,200	0.66
15	See Lian Heng @ See Keng Hui	1,050,000	0.66
16	Lim Poh Fong	1,030,100	0.64
17	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Ah Moi (8060540)	1,000,000	0.62
18	Lai Weng Chee @ Lai Kok Chye	1,000,000	0.62
19	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hong Chee (8106281)	958,100	0.60
20	Ching Ching Kuon	910,000	0.57
21	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thoo Soon Huat (margin)	900,000	0.56
22	Chong Ching Yee	860,700	0.54
23	Ong Seng Kee	850,000	0.53
24	Choo Kian Woon	805,100	0.50
25	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thoo Soon Huat	800,000	0.50
26	Ching Ching Kuon	770,000	0.48
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alexander Gabriel (E-SS2)	750,000	0.47
28	Cheng Kwai Lan	650,000	0.41
29	Nizam bin Abdul Karim	610,000	0.38
30	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Leong Kim Fong (M93010)	600,000	0.37

STATISTICS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)

ANALYSIS OF WARRANT HOLDINGS

Total Number of Warrants Issued	:	71,126,961
Total Number of Outstanding Warrants	:	71,126,961
Exercise Price of Warrants	:	RM0.20

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 OCTOBER 2014

Size of Holdings	No. of Holders	%	No. of Warrants	%
1- 99	65	9.91	3,415	0.00
100 – 1,000	19	2.90	10,526	0.01
1,001 – 10,000	214	32.62	891,287	1.25
10,001 – 100,000	271	41.31	11,639,791	16.36
100,001 – 3,556,347 (*)	85	12.96	36,312,567	51.05
3,556,348 AND ABOVE (**)	2	0.30	22,269,375	31.31
Total	**656**	**100.00**	**71,126,961**	**100.00**

Remark:
* Less than 5% of issued warrants
** 5% and above of issued warrants

DIRECTORS' WARRANT HOLDINGS AS AT 30 OCTOBER 2014 :

	---Direct---		---Indirect--	
Name of Directors	**No. of Warrants held**	**%**	**No. of Warrants held**	**%**
Yong Yoke Keong	9,803,782	13.78	-	-
Chan Chow Hun	-	-	-	-
Dr Folk Jee Yong	-	-	-	-
Hee Teck Ming	-	-	-	-

LIST OF TOP 30 WARRANT HOLDERS AS AT 30 OCTOBER 2014

No.	Name	No. of Warrants	%
1	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dexx Technologies Sdn Bhd	12,472,309	17.54
2	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Yoke Keong (margin)	9,797,066	13.77
3	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Soon Heng (E-JBU)	3,264,000	4.59
4	Khoo Choong Lye	2,145,800	3.02
5	Lim Cheng Ten	1,100,000	1.55
6	Chew Swee Eng	1,000,000	1.41
7	Ho Chee Kwen	1,000,000	1.41
8	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Vincent Phua Chee Ee	1,000,000	1.41
9	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Jin Joo (E-TJJ/BBP)	866,666	1.22
10	Julian Cheah Wai Meng	866,632	1.22

STATISTICS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)

LIST OF TOP 30 WARRANT HOLDERS AS AT 30 OCTOBER 2014 (cont'd)

No.	Name	No. of Warrants	%
11	Sie Tiing Tiing	856,666	1.20
12	Chaang Kok Leong	800,000	1.12
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alexander Gabriel (E-SS2)	800,000	1.12
14	Tew Wan Peng	800,000	1.12
15	Wong Mee Lin	800,000	1.12
16	Ong Seng Kee	700,000	0.98
17	Ng Jin Joo	685,000	0.96
18	Seow Kuan Hong	680,000	0.96
19	Lau Chuan Hoo	666,666	0.94
20	Chong Ching Yee	573,800	0.81
21	Zarina binti Annuar	560,000	0.79
22	Lee Kok Hoong	530,332	0.75
23	Lai Weng Chee @ Lai Kok Chye	500,066	0.70
24	Boo Nyuk Lien	500,000	0.70
25	Lyncher Wung Wei Fong	500,000	0.70
26	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Lih Meng	500,000	0.70
27	Tan Kok Keat	500,000	0.70
28	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ser Yu Beng	490,000	0.69
29	Maybank Nominees (Tempatan) Sdn Bhd Ting Chai Chiew	470,000	0.66
30	Lee Sin Fah	450,000	0.63

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

AHB HOLDINGS BERHAD
(Company No: 274909-A)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Company will be held at 17, Jalan Industri PBP 11, Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan on Wednesday, 31 December 2014 at 10.00 a.m. to transact the following businesses:

	As Ordinary Business	
1	To receive the Audited Financial Statements for the financial year ended 30 June 2014 and the Reports of Directors and Auditors thereon	Please refer to Explanatory Note 1
2	To re-elect Mr Hee Teck Ming who is retiring by rotation as a Director of the Company pursuant to Article 85 of the Company's Articles of Association.	Ordinary Resolution 1
3	To re-appoint Messrs SJ Grant Thornton as the Auditors of the Company and authorise the Directors to determine their remuneration.	Ordinary Resolution 2
	As Special Business To consider and if thought fit, to pass the following resolutions, with or without modifications:-	
4	**PAYMENT OF DIRECTORS' FEES** "THAT the payment of Directors' fees of RM96,000.00 for the financial year ended 30 June 2014 be and is hereby approved."	Ordinary Resolution 3
5	**AUTHORITY TO ISSUE SHARES** "THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten per centum (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."	Ordinary Resolution 4
6	**RETENTION OF INDEPENDENT DIRECTOR** "THAT subject to the passing of Resolution 1, approval be and is hereby given to Mr Hee Teck Ming, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."	Ordinary Resolution 5
7	**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")** "THAT the Articles of Association of the Company be and are hereby amended in the form and manner as set out in Appendix I. AND THAT the Board of Directors be and are hereby authorised to do all such acts and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."	Special Resolution 1

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (cont'd)

8	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

WONG WEI FONG (MAICSA 7006751)
Secretary

Kuala Lumpur
8 December 2014

Notes:

(i) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 61(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 23 December 2014. Only depositor whose name appears on the Record of Depositors as at 23 December 2014 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.

(ii) A member shall be entitled to appoint up to a maximum of two (2) proxies to attend and vote in his stead and where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportions of his shareholdings to be represented by each proxy.

(iii) 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.

(iv) 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.

(v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(vi) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar of the Company situated at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 10.00 a.m., Monday, 29 December 2014, or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (cont'd)

Explanatory Note on Ordinary and Special Business:

1. **Item 1 of the Agenda**

   This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Item 4 of the Agenda**

   The proposed Ordinary Resolution 3 is in accordance with Article 94 of the Company's Articles of Association and if passed, will authorize the payment of Directors' Fees to the Directors of the Company for their services as Directors for the financial year ended 30 June 2014.

3. **Item 5 of the Agenda**

   The proposed Ordinary Resolution 4, if passed, will authorize the Directors to issue not more than ten per centum (10%) of the issued share capital of the Company subject to the approvals of all relevant governmental/regulatory bodies.

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

   The purpose of the renewal of the mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

4. **Item 6 of the Agenda**

   The Nomination Committee has assessed the independence of Mr Hee Teck Ming, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue act as an Independent Non-Executive Director of the Company based on the following justifications:-

   a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would able to function as a check and balance, bring an element of objectivity to the Board;
   b) His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;
   c) He has been with the Company for more than 9 years from 1996 to 2007, and from 2013 to 2014, is familiar with the Company's business operations; and
   d) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

5. **Item 7 of the Agenda**

   The proposed Special Resolution 1 is proposed to conduct the poll voting manually by using voting slips instead of electronic voting devices as the Company currently do not have such electronic voting facility in place.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (cont'd)

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION ("PROPOSED AMENDMENTS")

APPENDIX 1

The Proposed Amendments (for which the differences are highlighted in bold) to be made are as follows:

	Existing Articles	Proposed Amendments
72	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of chairman or on a question of adjournment shall be taken forthwith. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 69 adjourn the meeting to some place and time fixed for the purpose of declaring the results of the poll. The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator, and verified by the scrutineers, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of chairman or on a question of adjournment shall be taken forthwith. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 69 adjourn the meeting to some place and time fixed for the purpose of declaring the results of the poll. The poll may be conducted manually using voting slips **~~or electronically using various forms of electronic voting devices.~~** Such votes shall be counted by the poll administrator, and verified by the scrutineers, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.

NOTES

PROXY FORM

AHB HOLDINGS BERHAD
(Company No: 274909-A)
(Incorporated in Malaysia)

No. of ordinary shares held

CDS Account No.

I/We ____ Tel. No.: ____________
[Full name in block and NRIC No./Company No.]

of ____
[*Address*]

being a member/members of **AHB Holdings Berhad**, hereby appoint:-

Full Name (in Block)	**NRIC/Passport/Company No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Full Name (in Block)	**NRIC/Passport/Company No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand for a poll at the Twenty-First Annual General Meeting of the Company to be held at 17, Jalan Industri PBP 11, Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan on Wednesday, 31 December 2014 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Re-election of Hee Teck Ming	Ordinary Resolution 1		
2.	Re-appointment of Auditors	Ordinary Resolution 2		
3.	Payment of Directors' Fees	Ordinary Resolution 3		
4.	Authority to issue shares	Ordinary Resolution 4		
5.	Retention of Independent Director	Ordinary Resolution 5		
6.	Proposed Amendments to the Articles of Association of the Company	Special Resolution 1		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this ___________ day of _________________________, 2014.

____
Signature of Shareholder(s)/Common Seal

Notes:

(i) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 61(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 23 December 2014. Only depositor whose name appears on the Record of Depositors as at 23 December 2014 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.

(ii) A member shall be entitled to appoint up to a maximum of two (2) proxies to attend and vote in his stead and where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportions of his shareholdings to be represented by each proxy.

(iii) 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.

(iv) 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.

(v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(vi) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar of the Company situated at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 10 a.m., Monday, 29 December 2014, or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

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STAMP

AHB HOLDINGS BERHAD

(Company No. 274909-A)

C/O BOARDROOM CORPORATE SERVICES (KL) SDN BHD
Lot 6.05 Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya,
Selangor, Malaysia

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AHB Holdings Berhad 274909A

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