Artwright®

ANNUAL
REPORT
2000

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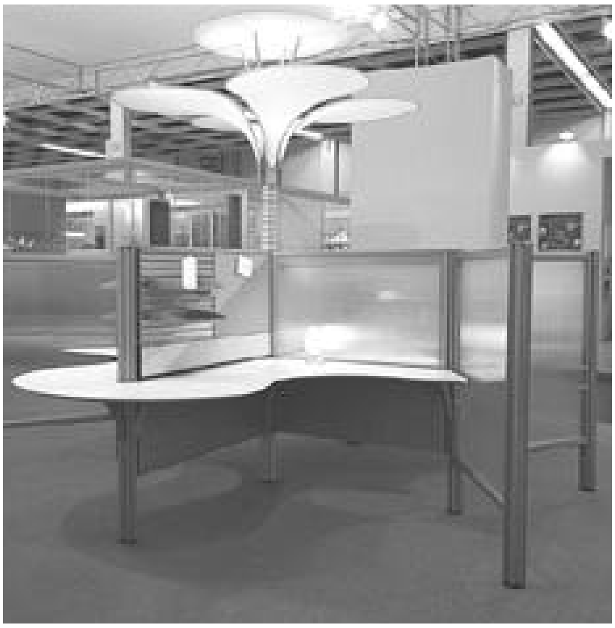


OUR MISSION

A caring and creative Artwright that boldly engages technology and research to deliver world class quality, innovative and good design office furniture for the success of all involved in and with

Artwright®

It's about **Design™**

CORPORATE INFORMATION

BOARD OF DIRECTORS

MIRZAN MAHATHIR - *Chairman*
YONG YOKE KEONG - *Managing Director / Chief Executive Officer*
YONG CHEW KEAT - *Director*
TAN SENG KEE - *Independent Non-Executive Director*
HEE TECK MING - *Independent Non-Executive Director*

AUDIT COMMITTEE

TAN SENG KEE
Independent Non-Executive Director

HEE TECK MING
Independent Non-Executive Director

YONG YOKE KEONG
Managing Director / Chief Executive Officer

COMPANY SECRETARY

TAN SOOK MEI *(LS 02892)*

REGISTERED OFFICE

Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-201 1988
Fax: 03-201 9788

REGISTRARS

PFA REGISTRATION SERVICES SDN BHD
1301 Level 13, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Tel : 03-7725 4888
Fax: 03-7722 2311

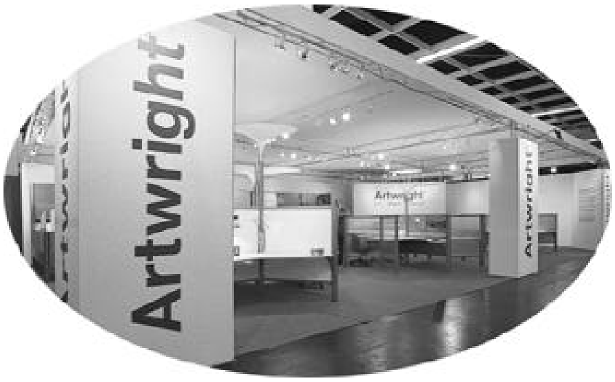
AUDITORS

DELOITTE KASSIMCHAN
(Formerly known as Kassim Chan & Co)
Level 19, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Tel: 03-7726 1833
Fax: 03-7726 3986

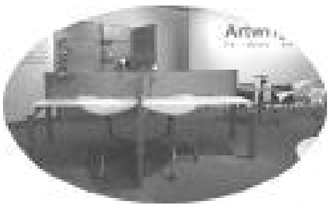
PRINCIPAL BANKERS

BUMIPUTRA-COMMERCE BANK BHD
MULTI-PURPOSE BANK BERHAD
MALAYAN BANKING BERHAD
OCBC BANK BERHAD

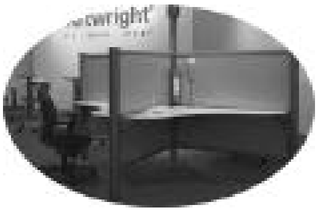
GROUP CORPORATE STRUCTURE



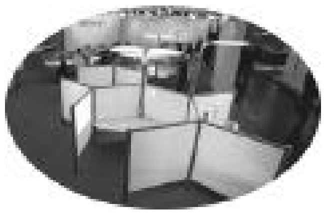
ARTWRIGHT HOLDINGS BERHAD
(COMPANY NO. 274909-A)



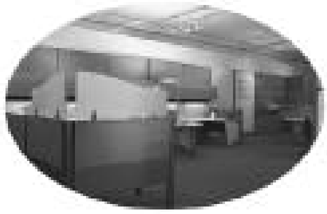
100%
ARTWRIGHT
TECHNOLOGY
SDN BHD



100%
ARTWRIGHT
INDUSTRIES
SDN BHD



100%
ARTWRIGHT
MANUFACTURING
SDN BHD



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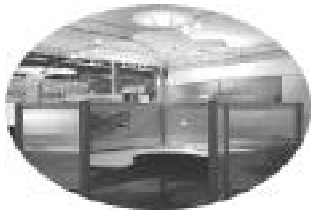
ARTWRIGHT
MARKETING
SDN BHD



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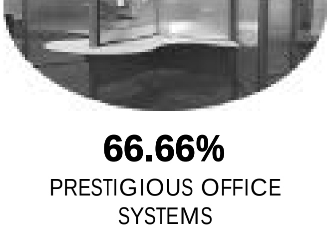
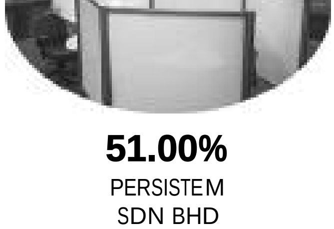
SPACECOM
MARKETING
SDN BHD



66.66%
PRESTIGIOUS OFFICE
SYSTEMS
SDN BHD



51.00%
PERSISTEM
SDN BHD

AUDIT COMMITTEE

COMPOSITION AND DESIGNATION

Chairman	**Mr. Tan Seng Kee**	~	(Independent Non-Executive Director)
Members	**Mr. Hee Teck Ming**	~	(Independent Non-Executive Director)
	Mr. Yong Yoke Keong	~	(Managing Director)

DUTIES

The duties of the Audit Committee include amongst which:

(i) Review of the financial statements with management and the auditors upon completion of the audit prior to them being approved by the full Board and release to the public.

(ii) Review with the auditors the audit report on the financial statements.

(iii) Review with the auditors, the assistance given by the Company's officers to them.

(iv) Review with the auditors the quality and effectiveness of the entire accounting and internal control system.

(v) Review the adequacy of accounting and financial reporting control in the context of the management's present general policies and procedures.

(vi) Review any significant related party transaction that may arise within the Group.

(vii) Review any significant transaction that may arise not within the normal course of business of the Company or the Group.

(viii) Consider and bring to the attention of the Board of Directors or shareholders any matters that the auditors may wish to bring the attention to.

(ix) Review and recommend to the Board to retain or replace the firm of external auditors retained by the Group in the ensuing year.

(x) Review the accounting policies adopted by the Management and any changes in accounting principles or practices.

(xi) Review the interim financial information and approve the press release where financial matters of importance are included.

(xii) Such other responsibilities as may be agreed by the Audit Committee and the Board of Directors.

(xiii) Recommend to the Board of Directors any changes or extension in the duties of the committee where appropriate.

TERMS OF CONFERENCE OF AUDIT COMMITTEE

Constitution

The Audit Committee was formed pursuant to a resolution of the Board of Directors made at its meeting held on 13th March 1996.

Composition

The board shall appoint from amongst the Directors of the Company at least three members of whom the majority shall be from the non-executive directors.

The Chairman shall be appointed by the Board and shall be from a member who is a non-executive director of the Company.

A quorum shall be three (3) members of the Audit Committee of whom the majority shall be from the non-executive directors.

Meetings

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Chairman's discretion.

The external auditor may request a meeting if they consider that one is necessary.

The Audit Committee shall appoint a person to be the recording Secretary for the purpose of taking the minutes of the meeting.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I have the honor to present to you the fifth Annual Report and Financial Statements of Artwright Holdings Berhad for the financial year ended 30 June 2000.

FINANCIAL REVIEW

The Group recorded a turnover of RM37,228,857 for financial year ended 30 June 2000, an increase of 9% compared to RM34,157,341 in the previous year.

The Group reduced our net after tax loss to RM12,290,351 compared with RM28,008,588 in the previous corresponding period through stringent cost cutting exercises on overhead and operating expenses, thereby reducing our breakeven point substantially.

DIVIDENDS

Under the prevailing conditions and the losses incurred by the Group, the Board of Directors does not propose any dividend payment for the financial year under review.

PROSPECTS

In the short span of time since the start of the Asian financial crisis, Artwright has successfully implemented a distribution network throughout the world. We are now a small but much admired leader in design innovation with a range of products, System MX, that provides a fully integrated and highly flexible office furniture solution developed from the ground-up.

The Malaysian office furniture market faced severe price competition with local players significantly reducing their margins to sustain operations. In view of the market demand for price effective solutions, we introduced a new range of medium priced System TX3 furniture to serve a wider market segment.

In the financial year under review, we launched an up-market system known as System **MX *i*** as an integrated office desking and panel workstation system. **MX *i*** has the ability to integrate with Artwright's flagship product - System MX V2. With this integration capability, **MX *i*** enjoys all the design values, material vocabulary, functionality and modularity of MX V2. The countless possibilities in combining a desking system and a panel system offer strong solutions to address every unique need in today's office environment. High quality customer customization using standard Artwright components is the key to Artwright's earnings growth. The market acceptance for **MX *i*** has been most encouraging.

Our last year's results were impacted by two primary factors : a general slowdown in the local and regional markets as a consequence of the regional economy crisis, and cash flow constraints that prevented sales growth.

Consequently, the Group negotiated a voluntary debt restructuring agreement with all the financial institutions dealing with the Group in order to convert growth prospects that the Group has been successfully working on over the last 2 years into reality.

The voluntary debt restructuring will substantially ease the burdensome obligations of debt and interest servicing of the Group due to the terming out and rescheduling of loans over a 5-year period. The lower interest rates agreed under the Debt Restructuring Agreement and the non-redemption feature and annual coupon rate of 5.5% for the Proposed ICULs Issue would enable the Group to alleviate liquidity constraints and allow the management to concentrate on expanding business opportunities.

In addition, the proposed ICULs issue will enable the Group to reduce exposure to the volatility of floating rate borrowings. The earnings of the Group for the next financial year is expected to be enhanced due to the resulting interest savings of approximately RM4 million per year.

Very significantly, an additional feature of the proposal is an ESOS that is designed to reward the executives who have been working and continue to work so diligently to make the Artwright name respected the world over.

In financial year 2001, we expect a healthy growth in our revenue and earnings taking into consideration the international acceptance of Artwright products and the competitive position the Group has secured for itself.

The Group has recently secured a multi million contract with Silterra Malaysia Sdn Bhd in Kulim, Kedah. Silterra is Malaysia's premier wafer foundry service provider, offering leading edge process technology and complete turnkey solutions.

The increased export business is expected to contribute 60% to the Group's revenue in the next financial year. Artwright has a well-established international network and a physical presence through showrooms and dealers in 28 countries.

We recently secured several prestigious international projects including American Express (700 workstations), Nestle (300 workstations), and Gillette (300 workstations) in India, International Business Directory (700 workstations) and CS&T (200 workstations) in Montreal Canada, Science Park (500 workstations) and Changi Naval Base (500 workstations) in Singapore, ABN Amro Bank (300 workstations) in Chile, Celestica, GE Information and Coutts Bank in Hong Kong, IBM, Singapore Embassy and Lucent Technologies in the Philippines.

At the world's largest office furniture trade show, Orgatec 2000, in Cologne, Germany in October 2000, **MX *i*** was introduced. The market response to the new products has been exceptional. The product is in line with the direction that the new office environment should be flexible, interactive, and technology supportive. The production and commercialization of **MX *i*** will be realized in the third quarter of financial year 2001.

Artwright's commitment to innovations, quality and customer service continue to strengthen our leadership position in the middle to premium office furniture market locally and throughout the world. With improved market conditions, good customer acceptance of the new products, and the well-established international dealership network, the Group expects a positive performance and growth in the next financial year.

ACKNOWLEDGEMENT

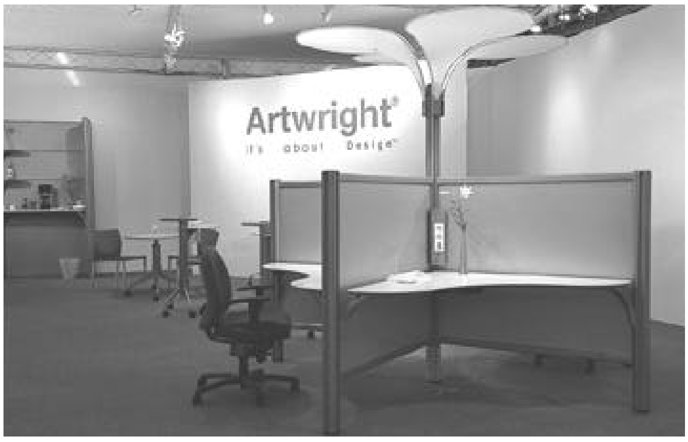
On behalf of the Board, I would like to extend my unreserved appreciation to the management and staff of Artwright Holdings Berhad and our group companies, for their continued contribution, commitment and dedication.

Please allow me to also take this opportunity to thank all our shareholders, business associates, customers and relevant government authorities for their invaluable support and confidence throughout the year.

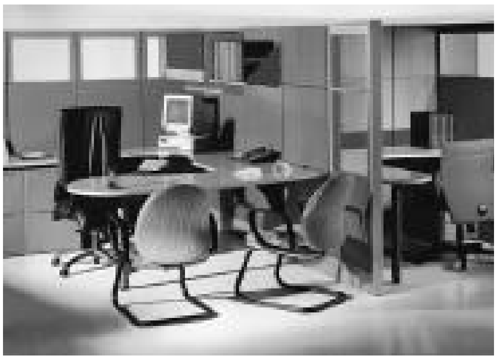
Lastly, let me place on record my gratitude and appreciation to my colleagues on the Board for their continued generous contribution and support.

Mirzan Mahathir
Chairman

Orgatec 1998, Artwright had a booth size of 2,000 square feet



Oragetc 2000, Artwright's commitment to international presence.




FINANCIAL STATEMENTS 2000

DIRECTOR'S REPORT

The directors of **ARTWRIGHT HOLDINGS BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended June 30, 2000.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are set out in Note 11 to the Financial Statements.

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

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Loss before tax	(12,290,351)	(122,629)
Income tax expense	-	-
Loss after tax	(12,290,351)	(122,629)
Minority interest	27,212	-
Net loss for the year	(12,263,139)	(122,629)

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

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

Subsequent to the year end, the Company proposed an Executives' Share Option Scheme ("ESOS") for the benefit of eligible executives of the Group whereby up to 10% of the enlarged and paid up share capital of the Company may be issued pursuant to the exercise of the ESOS options. The proposed ESOS is subject to the approvals of the relevant authorities and the shareholders of the Company.

OTHER FINANCIAL INFORMATION

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

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

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

Although the Group's performance for the year ended June 30, 2000 has improved dramatically in terms of improved margins and reduced overall overhead cost, total turnover continued to be low, being adversely affected by the relatively soft market for office furniture in South East Asia and Malaysia. This resulted in losses, albeitly less than half of the previous year's losses.

To improve the Group's performance, KPMG Corporate Services Sdn. Bhd. was appointed as their financial advisor to restructure its financial institutional debts on a voluntary basis. Consequently, a Debt Restructuring Agreement was signed on September 6, 2000 with all financial institutions. To further strengthen the Group's financial position, the Company has also proposed for bonus issue, rights issue and executives' share option scheme. The salient terms of the Debt Restructuring Agreement, proposed bonus issue, rights issue and executives' share option scheme are disclosed in Note 27 to the Financial Statements.

As mentioned in Note 3 to the Financial Statements, the financial statements of the Group and of the Company have been prepared on the going concern basis, the validity of which depends upon the successful conclusion and implementation of the proposals as mentioned above and which presumes that the Group and the Company will continue to operate profitably in the foreseeable future.

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

(a) which would require the writing off of bad debts or render the amount of 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 render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

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

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year other than as disclosed in Notes 26 and 27 to the Financial Statements.

DIRECTORS

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

Yong Yoke Keong
Yong Chew Keat
Mirzan bin Mahathir
Tan Seng Kee
Hee Teck Ming

In accordance with Article 80 of the Company's Articles of Association, Mr. Hee Teck Ming retires by rotation and, being eligible, offers himself for re-election.

Mr. Yong Yoke Keong, who was appointed to the Board as Managing Director, is not subject to retirement by rotation under Article 116 of the Company's Articles of Association.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
Shares in the Company	**Balance at 1.7.1999**	**Bought**	**Sold**	**Balance at 30.6.2000**
Registered in name of director				
Direct interest				
Yong Yoke Keong	72,358	-	-	72,358
Yong Chew Keat	3,000	-	-	3,000
Tan Seng Kee	8,000	-	-	8,000
Indirect interest				
Yong Yoke Keong	7,356,488	-	(343,000)	7,013,488
Yong Chew Keat	1,919,180	1,000	-	1,920,180
Mirzan bin Mahathir	2,196,480	-	-	2,196,480
Hee Teck Ming	1,000	-	-	1,000

By virtue of their shareholdings in the Company, the above directors are deemed to have interest in the shares of the subsidiary companies.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the transactions undertaken in the normal course of business with companies in which certain directors of the Company are also directors as disclosed in Note 15 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan (formerly known as Kassim Chan & Co.), have indicated their willingness to continue in office.

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

YONG YOKE KEONG

YONG CHEW KEAT

Kuala Lumpur,
September 18, 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF ARTWRIGHT HOLDINGS BERHAD

We have audited the accompanying balance sheets as of June 30, 2000, the related statements of income, consolidated cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

(a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:

  (i) the state of affairs of the Group and of the Company as of June 30, 2000 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date; and

  (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

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

Without qualifying our opinion, we draw attention to Note 26 to the Financial Statements. The operations of the Group and of the Company for the year ended June 30, 2000 have been adversely affected by the prevailing economic slowdown. The uncertainties resulting from the prevailing economic conditions may continue and may affect future operations and performance of the Group and of the Company, the recoverability of assets and the ability to maintain or pay the debts as they mature of the Group and the Company. The ultimate outcome of these uncertainties is presently not determinable.

During the financial years 2000 and 1999, the Group has defaulted on the repayment of instalments on its long-term loans and hire-purchase and lease obligations. As of June 30, 2000, the Group has a capital deficiency of RM3,115,165 as a result of losses sustained over the years and the Group's current liabilities exceeded current assets by RM37,884,771. These factors along with the comments in the preceding paragraph raise substantial doubt as to whether the Group and the Company will be able to continue as a going concern. To improve the Group's cash flows and operations, the directors have appointed a financial advisor to negotiate with the bankers and hire-purchase and lease creditors to reschedule/restructure on a voluntary basis, its bank borrowings, including long-term loans and hire-purchase and lease obligations. As a result of the negotiations, a Debt Restructuring Agreement was signed on September 6, 2000. To further strengthen the Group's financial position, the Company has also proposed for bonus issue, rights issue and executives' share option scheme. The salient terms of the Debt Restructuring Agreement, proposed bonus issue, rights issue and executives' share option scheme are disclosed in Note 27 to the Financial Statements.

REPORT OF THE AUDITORS TO THE MEMBERS OF ARTWRIGHT HOLDINGS BERHAD

As mentioned in Note 3 to the Financial Statements, the financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going concern, the validity of which depends upon the successful conclusion and implementation of the proposals as mentioned above. As the outcome of the proposals is subject to the approval of the relevant authorities and the shareholders of the Company, the financial statements do not include any adjustments relating to the Group's recoverability and classification of recorded assets or the amounts and classifications of liabilities that might be necessary should the Group and the Company be unable to continue as a going concern.

DELOITTE KASSIMCHAN
AF 0080
Public Accountants

HIEW KIM TIAM
1717/8/01 (J)
Partner

September 18, 2000

INCOME STATEMENTS
(FOR THE YEAR ENDEDJUNE 30, 2000)

		The Group		The Company	
	Note	**2000**	**1999**	**2000**	**1999**
		RM	**RM**	**RM**	**RM**
Revenue	4	**37,228,857**	34,157,341	**-**	288,000
Other operating income		**205,525**	143,602	**-**	-
Cost of sales		**(510,678)**	(858,613)	**-**	-
Changes in inventories of finished goods and work-in-progress		**(2,441,599)**	(8,207,377)	**-**	-
Raw materials and consumables used		**(19,603,104)**	(17,112,515)	**-**	-
Staff costs		**(10,636,730)**	(11,655,942)	**-**	-
Depreciation of property, plant and equipment		**(4,547,966)**	(4,725,678)	**-**	-
Amortisation of intangible assets		**(338,788)**	(289,583)	**-**	-
Amortisation of goodwill		**(209,096)**	(209,096)	**-**	-
Other operating expenses		**(5,985,470)**	(10,566,797)	**(122,629)**	(334,376)
Loss from operations		**(6,839,049)**	(19,324,658)	**(122,629)**	(46,376)
Finance costs	5	**(5,451,302)**	(8,683,930)	**-**	-
Loss before tax	5	**(12,290,351)**	(28,008,588)	**(122,629)**	(46,376)
Income tax expense	6	**-**	263,347	**-**	11,052
Loss after tax		**(12,290,351)**	(27,745,241)	**(122,629)**	(35,324)
Minority interest		**27,212**	(7,238)	**-**	-
Net loss for the year		**(12,263,139)**	(27,752,479)	**(122,629)**	(35,324)
Loss per ordinary share (sen)					
Basic	7	**(61.4)**	(138.9)		

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

BALANCE SHEETS

(AS OF JUNE 30, 2000)

		The Group		The Company	
	Note	2000	1999	2000	1999
		RM	RM	RM	RM
Property, plant and equipment	8	**43,353,712**	47,213,888	**-**	-
Goodwill on consolidation	9	**3,766,938**	3,976,034	**-**	-
Intangible assets	10	**2,291,326**	1,845,057	**-**	-
Investment in subsidiary companies	11	**-**	-	**18,695,922**	18,695,922
Other investments	12	**53,000**	58,600	**-**	-
Current Assets					
Inventories	13	**14,870,750**	18,307,897	**-**	-
Trade receivables	14&15	**25,716,953**	25,700,163	**-**	-
Other receivables, deposits and prepayments	15	**2,866,312**	2,854,993	**277,422**	-
Amount owing by subsidiary companies	11	**-**	-	**12,732,274**	12,814,606
Cash and bank balances		**455,766**	225,524	**97,586**	30,332
		43,909,781	47,088,577	**13,107,282**	12,844,938
Current Liabilities					
Trade payables	15	**9,476,216**	9,117,369	**-**	-
Other payables and accrued expenses	15	**12,237,673**	6,872,998	**66,919**	66,519
Amount owing to subsidiary companies	11	**-**	-	**434,747**	1,623
Amount owing to directors	16	**60,000**	60,000	**60,000**	60,000
Bank borrowings	17	**45,971,083**	48,192,458	**-**	-
Hire-purchase and lease obligations - current portion	18	**7,540,283**	5,247,030	**-**	-
Long-term loans - current portion	19	**6,508,000**	3,382,000	**-**	-
Tax liabilities		**1,297**	142,554	**1,297**	49,848
		81,794,552	73,014,409	**562,963**	177,990
Net Current Assets/ (Liabilities)		**(37,884,771)**	(25,925,832)	**12,544,319**	12,666,948

BALANCE SHEETS
(AS OF JUNE 30, 2000)

	Note	The Group 2000 RM	The Group 1999 RM	The Company 2000 RM	The Company 1999 RM
Long-Term Liabilities					
Hire-purchase and lease obligations - non-current portion	18	**(4,492,511)**	(7,523,702)	**-**	-
Long-term loans - non-current portion	19	**(10,167,646)**	(10,433,646)	**-**	-
		(14,660,157)	(17,957,348)	**-**	-
Minority interest		**35,213**	62,425	**-**	-
Net Assets/(Liabilities)		**(3,115,165)**	9,147,974	**31,240,241**	31,362,870
Issued capital	20	**19,970,000**	19,970,000	**19,970,000**	19,970,000
Share premium		**10,935,362**	10,935,362	**10,935,362**	10,935,362
Unappropriated profit/ (Accumulated loss)		**(34,020,527)**	(21,757,388)	**334,879**	457,508
Shareholders' Equity/ (Capital Deficiency)		**(3,115,165)**	9,147,974	**31,240,241**	31,362,870

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

STATEMENTS AND CHANGES IN EQUITY

(FOR THE YEAR ENDED JUNE 30, 2000)

The Group

	Issued Capital	Non-Distributable Reserve Share Premium	Distributable Reserve Unappropriated Profit/ (Accumulated Loss)	Total
	RM	RM	RM	RM
Balance as of July 1, 1998	19,970,000	10,935,362	5,995,091	36,900,453
Net loss for the year	-	-	(27,752,479)	(27,752,479)
Balance as of June 30, 1999	19,970,000	10,935,362	(21,757,388)	9,147,974
Net loss for the year	-	-	(12,263,139)	(12,263,139)
Balance as of June 30, 2000	19,970,000	10,935,362	(34,020,527)	(3,115,165)

The Company

	Issued Capital	Non-Distributable Reserve Share Premium	Distributable Reserve Unappropriated Profit/ (Accumulated Loss)	Total
	RM	RM	RM	RM
Balance as of July 1, 1998	19,970,000	10,935,362	492,832	31,398,194
Net loss for the year	-	-	(35,324)	(35,324)
Balance as of June 30, 1999	19,970,000	10,935,362	457,508	31,362,870
Net loss for the year	-	-	(122,629)	(122,629)
Balance as of June 30, 2000	19,970,000	10,935,362	334,879	31,240,241

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

CONSOLIDATED CASH FLOW STATEMENT

(FOR THE YEAR ENDED JUNE 30, 2000)

	Note	2000 RM	1999 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(12,290,351)**	(28,008,588)
Adjustments for:			
Finance costs		**5,451,302**	8,683,930
Depreciation of property, plant and equipment		**4,547,966**	4,725,678
Provision for doubtful debts		**493,326**	607,038
Amortisation of intangible assets		**338,788**	289,583
Amortisation of goodwill		**209,096**	209,096
Inventories written off		**109,632**	-
Loss on disposal of investment in quoted shares		**560**	-
Dividend income		**(50)**	(50)
Gain on disposal of property, plant and equipment		**(96,962)**	(42,176)
Interest income		**-**	(2,707)
Provision for doubtful debts no longer required		**-**	(680)
Bad debts written off		**-**	5,345
Property, plant and equipment written off		**-**	2,016
Operating Loss Before Working Capital Changes		**(1,236,693)**	(13,531,515)
Decrease in inventories		**3,327,515**	9,423,585
(Increase)/Decrease in trade receivables		**(510,116)**	3,643,273
(Increase)/Decrease in other receivables, deposits and prepayments		**131,775**	(25,300)
Increase in trade payables		**358,847**	5,162,658
Increase in other payables and accrued expenses		**2,277,214**	199,475
Increase in bank borrowings		**4,186,162**	884,942
Cash Generated From Operations		**8,534,704**	5,757,118
Income tax paid		**(284,351)**	(427,097)
Net Cash From Operating Activities		**8,250,353**	5,330,021

CONSOLIDATED CASH FLOW STATEMENT

(FOR THE YEAR ENDED JUNE 30, 2000)

	Note	2000 RM	1999 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to intangible assets		**(785,057)**	(796,456)
Purchase of property, plant and equipment		**(783,016)**	(664,819)
Proceeds from disposal of property, plant and equipment		**192,188**	243,100
Proceeds from disposal of investment in quoted shares		**5,040**	-
Dividend received		**50**	50
Interest received		**-**	2,707
Net Cash Used In Investing Activities		**(1,370,795)**	(1,215,418)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		**(2,363,841)**	(6,660,495)
Repayment of hire-purchase obligations		**(541,274)**	(1,539,859)
Repayment of lease obligations		**(196,664)**	(363,565)
Repayment of long-term loans		**-**	(1,490,000)
Increase in hire-purchase obligations		**-**	1,451,487
Net Cash Used In Financing Activities		**(3,101,779)**	(8,602,432)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,777,779**	(4,487,829)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**(12,469,355)**	(7,981,526)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**(8,691,576)**	(12,469,355)

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

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are set out in Note 11.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

During the financial year, the Group and the Company adopted MASB 1, Presentation of Financial Statements which is effective for financial periods commencing on and after July 1, 1999. Accordingly, the presentation and disclosure of the financial information have been modified to conform with the requirements of MASB 1. Certain comparative figures have been reclassified to achieve a consistent presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and also on the going concern basis which presumes that the Group and the Company will continue to operate profitable in the foreseeable future and that the proposals as mentioned in Note 26 will be successfully concluded and implemented and, consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Revenue

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

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

Foreign Currency Transactions

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

All gains or losses on foreign exchange are taken up in the income statements.

Income Tax

The tax effects of transactions are recognised using the 'liability' method, in the year such transactions enter into the determination of net income, regardless of when they are recognised for tax purposes. However, where timing differences would give rise to net future tax benefits, the tax effects are recognised generally on actual realisation.

Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies as set out in Note 11 made up to June 30, 2000.

All significant intercompany transactions and balances are eliminated on consolidation.

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

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

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

Long leasehold land	over the period of the lease of 83 years
Factory building, shophouse and renovations	2% - 10%
Plant and machinery	10%
Tools, equipment and moulds	10%
Office and computer equipment, furniture and fittings and air-conditioners	10% - 20%
Motor vehicles	20%

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

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

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

Intangible Assets

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

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

ii) Research and development cost
Research and development cost, which represents the cost of designing new or substantially improved products, is capitalised and amortised over a period of 5 years upon commencement of commercial production. Where projects are aborted or proven to be unsuccessful, the related costs are charged immediately to the income statements.

iii) Preliminary and pre-operating expenses
Preliminary and pre-operating expenses of subsidiary companies are amortised evenly over five years when these subsidiary companies commence operations.

Investment in Subsidiary Companies

The Company treats as subsidiary companies, those companies in which the Company controls the composition of their board of directors or more than half of their voting power, or holds more than half of their issued and paid-up share capital.

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements. Provision for diminution in value is made when, in the opinion of the directors, there is a permanent impairment in the value of the investment.

Other Investments

Other investments in quoted and unquoted shares are stated at cost. Provision for diminution in value is made when, in the opinion of the directors, there is a permanent impairment in the value of the investments.

Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the standard cost which approximates actual cost.

The cost of raw materials comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location. The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and an appropriate proportion of the manufacturing overheads.

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

Receivables

Debts considered to be uncollectible are written-off while provision for doubtful debts is made for debts considered to be doubtful of collection.

Cash Flow Statement

The Group adopts the indirect method in the preparation of the cash flow statement.

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

4. REVENUE

Analysis of revenue is as follows:

	The Group		The Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Management fees	-	-	-	288,000
Manufacturing and trading of drafting equipment, office furniture and specialised computer furniture	**37,228,857**	34,157,341	-	-
	37,228,857	34,157,341	-	288,000

5. LOSS BEFORE TAX

Loss before tax is arrived at:

	The Group		The Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
After charging:				
Finance costs comprise interest on:				
Long-term loans	**1,618,505**	1,485,895	-	-
Short-term loans	**95,988**	102,018	-	-
Bankers' acceptances	**180,795**	1,418,275	-	-
Revolving credits	**1,419,975**	2,138,168	-	-
Hire-purchase	**1,086,250**	2,186,234	-	-
Bank overdrafts	**797,773**	1,003,604	-	-
Finance lease	**217,376**	221,676	-	-
Trust receipts	**21,041**	126,649	-	-
Others	**13,599**	1,411	-	-
Rental expense on:				
Office	**362,518**	577,760	-	-
Plant, equipment and machinery	**30,400**	33,750	-	-
Provision for doubtful debts	**493,326**	607,038	-	-
Inventories written off	**109,632**	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

	The Group		The Company	
	2000	**1999**	**2000**	**1999**
	RM	**RM**	**RM**	**RM**
Directors' remuneration:				
Fees	**60,000**	60,000	**60,000**	60,000
Other emoluments	**503,213**	506,590	**-**	-
Audit fee:				
Current year	**46,400**	43,260	**5,300**	4,900
Overprovision in prior year	**-**	(500)	**-**	-
Loss on disposal of investment in quoted shares	**560**	-	**-**	-
Professional fees paid to a firm in which a director of the Company is also a partner	**-**	12,350	**-**	-
Bad debts written off	**-**	5,345	**-**	-
Loss on foreign exchange	**-**	4,898	**-**	-
Property, plant and equipment written off	**-**	2,016	**-**	-
And crediting:				
Gain on disposal of property, plant and equipment	**96,962**	42,176	**-**	-
Gain on foreign exchange	**17,076**	-	**-**	-
Gross dividend from investment in quoted shares	**50**	50	**-**	-
Provision for doubtful debts no longer required	**-**	680	**-**	-
Interest income on fixed deposit	**-**	2,707	**-**	-
Management fees receivable from subsidiary companies	**-**	-	**-**	288,000

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to approximately RM43,750 (1999 : RM72,036).

6. INCOME TAX EXPENSE

Income tax expense consists of:

	The Group		The Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Overprovision in prior year	-	(263,347)	-	(11,052)

No provision for taxation has been made in 2000 and 1999 as the Group and the Company incurred operating losses.

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

As of June 30, 2000, the cumulative estimated tax-exempt income available arising from tax-exempt income claimed during the pioneer period by the said subsidiary company amounted to approximately RM33,016,760.

Also, the said subsidiary company claimed reinvestment allowances under the Income Tax Act, 1967. These reinvestment allowances claimed, when approved by the Inland Revenue Board, will enable the said subsidiary company to distribute tax-exempt dividends to the shareholders. As of June 30, 2000, subject to agreement by the Inland Revenue Board, the cumulative reinvestment allowances claimed amounted to approximately RM12,608,401 (1999 : RM12,294,001).

As mentioned in Note 3, the tax effects of timing differences which would give rise to net future tax benefits are recognised generally on actual realisation. As of June 30, 2000, the estimated amount of deferred tax assets, calculated at the current tax rate, which have not been recognised in the financial statements are as follows:

	Deferred Assets / (Liabilities)			
	The Group		The Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Tax effects of timing differences in respect of:				
Excess of tax capital allowances over book depreciation of property, plant and equipment	**(2,061,000)**	(1,906,000)	-	-
Excess of tax deductions for lease payments over book depreciation of property, plant and equipment under leases	**(325,000)**	(256,000)	-	-
Unutilised tax losses	**15,350,000**	12,377,000	**29,000**	-
Unabsorbed capital allowances	**3,516,000**	2,517,000	-	-
Reinvestment allowances	**3,530,000**	3,442,000	-	-
Others	**(441,000)**	(338,000)	-	-
	19,569,000	15,836,000	**29,000**	-

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

7. LOSS PER ORDINARY SHARE

Loss per ordinary share for the year ended June 30, 2000 is calculated by dividing the Group's loss after tax and minority interest of RM12,263,139 (1999 : RM27,752,479) by the number of ordinary shares in issue during the year of 19,970,000 (1999 : 19,970,000).

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

The Group

2000 Cost	Balance at beginning of year RM	Additions RM	Disposals RM	Balance at end of year RM	Net book value at end of year RM
Freehold land	5,924,403	-	-	5,924,403	5,924,403
Long leasehold land	411,600	-	-	411,600	381,756
Factory building, shophouse and renovations	22,681,094	595,392	-	23,276,486	20,772,763
Plant and machinery	16,744,785	-	(82,000)	16,662,785	8,367,316
Tools, equipment and moulds	2,934,825	67,496	-	3,002,321	1,596,537
Office and computer equipment, furniture and fittings and air-conditioners	12,063,895	64,484	(32,950)	12,095,429	5,293,701
Motor vehicles	3,999,141	55,644	(254,637)	3,800,148	1,017,236
Total	64,759,743	783,016	(369,587)	65,173,172	43,353,712

The Group

2000 Accumulated Depreciation	Balance at beginning of year RM	Charge for the year RM	Disposals RM	Balance at end of year RM
Long leasehold land	24,870	4,974	-	29,844
Factory building, shophouse and renovations	1,897,364	606,359	-	2,503,723
Plant and machinery	6,778,599	1,586,070	(69,200)	8,295,469
Tools, equipment and moulds	1,114,918	290,866	-	1,405,784
Office and computer equipment, furniture and fittings and air-conditioners	5,174,304	1,643,640	(16,216)	6,801,728
Motor vehicles	2,555,800	416,057	(188,945)	2,782,912
Total	17,545,855	4,547,966	(274,361)	21,819,460

The Group

1999 Cost	Balance at beginning of year RM	Additions RM	Disposals RM	Written off RM	Balance at end of year RM	Net book value at end of year RM
Freehold land	5,924,403	-	-	-	5,924,403	5,924,403
Long leasehold land	411,600	-	-	-	411,600	386,730
Factory building, shophouse and renovations	22,564,746	116,348	-	-	22,681,094	20,783,730
Plant and machinery	16,787,165	36,420	(78,800)	-	16,744,785	9,966,186
Tools, equipment and moulds	2,760,408	174,417	-	-	2,934,825	1,819,907
Office and computer equipment, furniture and fittings and air-conditioners	11,841,661	337,634	(105,653)	(9,747)	12,063,895	6,889,591
Motor vehicles	4,262,258	-	(263,117)	-	3,999,141	1,443,341
Total	64,552,241	664,819	(447,570)	(9,747)	64,759,743	47,213,888

The Group

1999 Accumulated Depreciation	Balance at beginning of year RM	Charge for the year RM	Disposals RM	Written off RM	Balance at end of year RM
Long leasehold land	19,896	4,974	-	-	24,870
Factory building, shophouse and renovations	1,308,526	588,838	-	-	1,897,364
Plant and machinery	5,152,924	1,674,191	(48,516)	-	6,778,599
Tools, equipment and moulds	829,289	285,629	-	-	1,114,918
Office and computer equipment, furniture and fittings and air-conditioners	3,572,287	1,657,484	(47,736)	(7,731)	5,174,304
Motor vehicles	2,191,632	514,562	(150,394)	-	2,555,800
Total	13,074,554	4,725,678	(246,646)	(7,731)	17,545,855

Included under property, plant and equipment of the Group are certain assets with a net book value of RM9,143,743 (1999 : RM11,986,433) and RM1,575,271 (1999 : RM2,160,503) which are acquired under hire-purchase and lease agreements respectively.

The Group's freehold land and factory building are charged to certain local banks to secure credit facilities and long-term loans granted to a subsidiary company as mentioned in Notes 17 and 19.

9. GOODWILL ON CONSOLIDATION

	The Group 2000 RM	The Group 1999 RM
Goodwill at beginning of year	**5,227,404**	5,227,404
Cumulative amortisation at beginning of year	**(1,251,370)**	(1,042,274)
Current amortisation	**(209,096)**	(209,096)
Cumulative amortisation at end of year	**(1,460,466)**	(1,251,370)
	3,766,938	3,976,034

10. INTANGIBLE ASSETS

Intangible assets consist of the following:

	The Group 2000 RM	The Group 1999 RM
Patents and trademarks	**470,296**	326,682
Less: Accumulated amortisation	**(103,222)**	(37,885)
	367,074	288,797
Research and development costs	**2,090,457**	1,449,014
Less: Accumulated amortisation	**(431,414)**	(157,963)
	1,659,043	1,291,051
Expenditure carried forward - At cost		
Preliminary expenses	**1,750**	1,750
Pre-operating expenses	**732,138**	732,138
	733,888	733,888
Less: Accumulated amortisation	**(468,679)**	(468,679)
	265,209	265,209
	2,291,326	1,845,057

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2000	1999
	RM	RM
Unquoted shares - At cost	**18,695,922**	18,695,922

The amount owing by/(to) subsidiary companies arose mainly from management fees and advances which are interest-free with no fixed terms of repayment.

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

	Effective Equity Interest 2000 and 1999	Principal Activities
Artwright Technology Sdn. Bhd.	100%	Manufacturing and trading of drafting equipment, office furniture and specialised computer furniture
Artwright Marketing Sdn. Bhd.	100%	Trading of drafting equipment, office furniture and specialised computer furniture
Artwright Manufacturing Sdn. Bhd.	100%	Dormant
Artwright Industries Sdn. Bhd.	100%	Letting of shophouses to a related company
Spacecom Marketing Sdn. Bhd.	100%	Trading of drafting equipment, office furniture and specialised computer furniture
Prestigious Office Systems Sdn. Bhd.*	67%	Trading of drafting equipment, office furniture and specialised computer furniture
Persistem Sdn. Bhd.*	51%	Trading of drafting equipment, office furniture and specialised computer furniture

* Interest held through Artwright Marketing Sdn. Bhd.

12. OTHER INVESTMENTS

Other investments consist of:

	The Group	
	2000	1999
	RM	RM
Quoted shares - At cost	**3,000**	8,600
Unquoted shares - At cost	**50,000**	50,000
	53,000	58,600
Market value of quoted shares	**2,600**	9,560

13. INVENTORIES

	The Group	
	2000	**1999**
	RM	**RM**
At cost:		
Raw materials	**3,909,424**	4,904,972
Work-in-progress	**4,446,665**	4,794,262
Finished goods	**6,836,603**	8,930,605
	15,192,692	18,629,839
Less: Provision for inventory obsolescence	**(321,942)**	(321,942)
	14,870,750	18,307,897

14. TRADE RECEIVABLES

	The Group		The Company	
	2000	**1999**	**2000**	**1999**
	RM	**RM**	**RM**	**RM**
Trade Receivables	**26,952,351**	26,442,235	**-**	-
Less: Provision for doubtful debts	**(1,235,398)**	(742,072)	**-**	-
	25,716,953	25,700,163	**-**	-

15. SIGNIFICANT RELATED PARTIES/INTERCOMPANY TRANSACTIONS AND BALANCES

Included in the following financial statements of the Group are balances owing by/(to) companies in which certain directors of the Company are also directors:

	The Group	
	2000	1999
	RM	RM
Trade receivables	**15,826,804**	12,894,551
Other receivables, deposits and prepayments	**871,724**	1,344,113
Trade payables	**32,238**	32,238
Other payables and accrued expenses	**4,776**	4,776

The above balances arose mainly from trade transactions and payments made on behalf and are interest-free with no fixed terms of repayment.

Significant related party transactions undertaken during the year in the normal course of business and, in the opinion of the directors, under commercial terms are as follows:

	The Group	
	2000	1999
	RM	RM
Sales	**4,067,802**	2,033,895
Professional fees paid	**-**	12,350

The financial statements of the Company also reflect the following significant intercompany transactions undertaken on the basis determined within the Artwright group of companies:

	The Company	
	2000	1999
	RM	RM
Management fees receivable from subsidiary companies	**-**	288,000

16. AMOUNT OWING TO DIRECTORS

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

17. BANK BORROWINGS

	The Group	
	2000	**1999**
	RM	**RM**
Revolving credits	**20,400,000**	20,400,000
Bankers' acceptances	**12,637,504**	13,229,504
Bank overdrafts (Note 21)	**9,147,342**	12,694,879
Short-term loans	**2,969,000**	1,045,000
Trust receipts	**817,237**	823,075
	45,971,083	48,192,458

As of June 30, 2000, the Group has bank overdrafts and other credit facilities totalling RM61,914,440 (1999 : RM73,500,000) obtained from certain local banks. The bank overdrafts and other credit facilities are secured by collaterals as disclosed in Note 19.

These facilities of the Group bear interest at rates ranging from 4.15% to 9.25% (1999 : 7.25% to 12.10%) per annum.

The Group has subsequent to the financial year end entered into a Debt Restructuring Agreement with the bankers to term out/reschedule certain of its bank borrowings and to issue Irredeemable Convertible Unsecured Loan Stocks as full and final settlement of certain bank borrowings as mentioned in Note 27.

18. HIRE-PURCHASE AND LEASE OBLIGATIONS

	The Group	
	2000	**1999**
	RM	**RM**
Total principal outstanding:		
Hire-purchase obligations	**10,334,142**	10,875,416
Lease obligations	**1,698,652**	1,895,316
	12,032,794	12,770,732
Less: Current portion (included under current liabilities)		
Hire-purchase obligations	**(5,841,631)**	(3,767,072)
Lease obligations	**(1,698,652)**	(1,479,958)
	(7,540,283)	(5,247,030)
Non-current portion	**4,492,511**	7,523,702

The non-current portion is repayable as follows:

	The Group	
	2000	1999
	RM	RM
Within 1 - 2 years	**2,546,107**	3,268,490
Within 2 - 5 years	**1,946,404**	4,255,212
	4,492,511	7,523,702

As of June 30, 2000, one of the subsidiary companies has defaulted in its instalment payments, of both the principal and interest, of certain hire-purchase and lease obligations. The directors of the Company have appointed a financial advisor to negotiate with certain hire-purchase and lease creditors and have subsequent to the year end, entered into a Debt Restructuring Agreement with the respective creditors of the said subsidiary company to reschedule the repayment term of the outstanding hire-purchase and lease obligations as mentioned in Note 27.

In 1999, the said subsidiary company entered into agreements with certain of its hire-purchase creditors to reschedule the repayment period of certain hire-purchase obligations totalling RM7,895,255, resulting in additional hire-purchase obligations of RM1,451,487.

19. LONG-TERM LOANS

	The Group	
	2000	1999
	RM	RM
Total principal outstanding	**16,675,646**	13,815,646
Less: Current portion (included under current liabilities)	**(6,508,00)**	(3,382,000)
Non-current portion	**10,167,646**	10,433,646

The non-current portion is repayable as follows:

	2000	1999
	RM	RM
Within 1 - 2 years	**3,126,000**	2,136,000
Within 2 - 5 years	**7,041,646**	8,297,646
	10,167,646	10,433,646

The Group's long-term loans pertaining to a subsidiary company are obtained from two local banks and bear interest at rates ranging from 8.05% to 9.25% (1999 : 10.00% to 13.60%) per annum.

Term loan I is repayable in 85 monthly instalments of RM178,000 each with a final instalment of RM109,646 commencing April 1998. The said term loan is secured by a first legal charge over the freehold land and factory building of the said subsidiary company, a corporate guarantee of the Company, a negative pledge on the said subsidiary company's assets and a negative covenant on further bank borrowings.

Term loan II which was converted from bankers' acceptances during the year is repayable in 36 monthly instalments of RM82,500 each commencing July 1999. The said term loan is secured against a negative pledge on the said subsidiary company's assets and a corporate guarantee of the Company.

As of June 30, 2000, the said subsidiary company has defaulted in its instalment payments of both the principal and interest of the term loans. The Group has subsequent to the year end entered into a Debt Restructuring Agreement as mentioned in Note 27 to term out/reschedule the repayment term of the outstanding term loans of the said subsidiary company with its bankers.

20. SHARE CAPITAL

Share capital is represented by:

	The Group and The Company	
	2000	1999
	RM	RM
Authorised:		
50,000,000 ordinary shares of RM1 each	**50,000,000**	50,000,000
Issued and fully paid:		
19,970,000 ordinary shares of RM1 each	**19,970,000**	19,970,000

21. CASH AND CASH EQUIVALENTS

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

	The Group	
	2000	1999
Cash and bank balances	**455,766**	225,524
Bank overdrafts (Note 17)	**(9,147,342)**	(12,694,879)
	(8,691,576)	(12,469,355)

22. CAPITAL COMMITMENTS

In 1999, the Group has the following rental commitments in respect of office premises:

	The Group	
	2000	1999
	RM	RM
Within 1 year	-	284,170

23. CONTINGENT LIABILITIES

As of June 30, 2000, the Company has given corporate guarantees amounting to RM105,722,000 to certain financial institutions for leasing and hire-purchase and other credit facilities granted to three of its subsidiary companies. The amount of facilities utilised by the said subsidiary companies as of June 30, 2000 amounted to approximately RM81,932,000. Accordingly, the Company is contingently liable to the extent of the facilities utilised by the said subsidiary companies.

24. SEGMENTAL INFORMATION

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

25. EMPLOYEES INFORMATION

The total number of employees of the Group and of the Company at year end was 377 (1999 : 429) and Nil (1999 : Nil) respectively.

26. GOING CONCERN ISSUES

The operations of the Group and of the Company for the year ended June 30, 2000 have been adversely affected by the continued soft local and regional office furniture market demand although a good portion of the revenue has been diversified to other international markets that is expected to improve in the near future.

To improve Group's performance, KPMG Corporate Services Sdn. Bhd. was appointed as their financial advisor to restructure its financial institutional debts on a voluntary basis. Consequently, a Debt Restructuring Agreement was signed of September 6, 2000 with all financial institutions. To further strengthen the Group's financial position, the Company has also proposed for bonus issue, rights issue and executives' share option scheme. The salient terms of the Debt Restructuring Agreement, proposed bonus issue. rights issue and executives's share option scheme are disclosed in Note 27 to the Financial Statements.

Notwithstanding the capital deficiency of the Group as of June 30, 2000, as mentioned in Note 3, the financial statements of the Group and of the Company have been prepared on the going concern basis, the validity of which depends upon the succesful conclusion and implementation of the proposals as mentioined above and which presumes that the Group and the Company will continue to operate profitably in the foreseeable future.

27. SUBSEQUENT EVENTS

Subsequent to the financial year end:

a) the Board of Directors approved the following:

(i) proposed bonus issue of up to 6,656,667 new ordinary shares of RM1 each to be credited as fully paid-up on the basis of one (1) new ordinary share for every three (3) existing ordinary shares held by way of capitalisation of the share premium account amounting to RM6,656,667;

(ii) proposed rights issue of up to 13,313,333 new ordinary shares of RM1 each on the basis of two (2) ordinary shares with two (2) new warrants attached at an offer price to be determined later for every three (3) existing ordinary shares held;

(iii) proposed issue of up to RM14.41 million new nominal value of 5 year 5.50% Irredeemable Convertible Unsecured Loan Stocks pursuant to the Debt Restructuring Agreement as mentioned in (b) below;

(iv) proposed executives' share option scheme; and

(v) proposed increase in authorised share capital from RM50 million comprising 50 million ordinary shares of RM1 each to RM1 billion comprising 1 billion ordinary shares of RM1 each.

b) the Company and four other subsidiary companies entered into a Debt Restructuring Agreement with the bankers and hire-purchase and lease creditors on September 6, 2000 for the implementation of the following proposals:

(i) to term out/reschedule approximately RM37.42 million of secured debts of the Group outstanding as of August 31, 1999 over a period of 4 years by 16 quarterly instalments;

(ii) to term out/reschedule approximately RM12.22 million of hire-purchase and lease obligations of the Group outstanding as of October 1, 2000 over a period of 4 years by 16 quarterly instalments;

(iii) to term out/reschedule approximately RM14.52 million of unsecured debts of the Group outstanding as of August 31, 1999 over a period of 5 years by 20 quarterly instalments; and

(iv) issuance of RM14.25 million new nominal value of 5 year 5.50% Irredeemable Convertible Unsecured Loan Stocks as full and final settlement of unsecured debts of the Group amounting to RM14.25 million outstanding as of August 31, 1999.

The above proposals are subject to the approval of the relevant authorities and shareholders of the Company. The above proposals have been revised to replace the initial proposals made by the Company on September 30, 1999 for which approval from the Securities Commission was obtained on December 3, 1999. The Securities Commission has granted an extension of time to implement the initial proposals up to December 3, 2000.

STATEMENT BY DIRECTORS

The directors of Artwright Holdings Berhad state that, in their opinion, the accompanying balance sheets, statements of income, consolidated cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of June 30, 2000 and of the results of the businesses and the cash flows of the Group for the year ended on that date.

Signed in accordance with
a resolution of the directors,

YONG YOKE KEONG

YONG CHEW KEAT

Kuala Lumpur,
September 18, 2000

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

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

YONG YOKE KEONG

Subscribed and solemnly declared by the abovenamed **YONG YOKE KEONG**
at **KUALA LUMPUR** this 18th day of September, 2000

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

LOCATION	TENURE	DESCRIPTION	LANDAREA (SQ.FT)	NET BOOK VALUE AS AT 30TH JUNE 2000 (RM'000)	AGE OF BUILDING
Lot 1835 Jalan Maktab 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	Industrial land erected with a factory building	53,088	1,724	11 years
17 Jalan Puchong 22Km 47100 Puchong Selangor Darul Ehsan	Freehold	Industrial land with 2 industrial buildings, a warehouse and an office block erected thereon	435,600	23,787	4 years

STATISTICS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 31ST OCTOBER 2000

Authorised Share Capital	:	RM50,000,000
Paid Up Capital	:	RM19,970,000
Type of Share	:	Ordinary share of RM1.00 each
Voting Right	:	One vote per ordinary share

Size of Shareholdings	No of Shareholders	% of Shareholders	No of Shares	% of Shares
1 - 1000	653	58.99	653,000	3.27
1,001 - 5,000	325	29.36	892,000	4.47
5,001 - 10,000	69	6.23	526,000	2.63
10,001 - 100,000	36	3.25	898,358	4.50
100,001 - 1,000,000	19	1.72	8,396,634	42.05
Over 1,000,000	5	0.45	8,604,008	43.08
	1107	100.00	19,970,000	100.00

TWENTY (20) LARGEST SHAREHOLDERS AS AT 31ST OCTOBER 2000

		No. of Shares	% of Shares
1)	AMSEC Nominees (Tempatan) Sdn Bhd	2,737,000	13.71
2)	RHB Capital Nominees (Tempatan) Sdn Bhd	1,675,520	8.39
3)	BOC Nominees (Tempatan) Sdn Bhd	1,635,200	8.19
4)	Amanah Merchant Nominees (Tempatan) Sdn Bhd	1,456,288	7.29
5)	Malaysia Nominees (Tempatan) Sdn Bhd	1,100,000	5.51
6)	Permodalan Nasional Berhad	999,000	5.00
7)	Thavron Associates Limited	960,000	4.81
8)	Space Culture (M) Sdn Bhd	917,000	4.59
9)	Amanah Merchant Nominees (Tempatan) Sdn Bhd	864,712	4.33
10)	BOC Nominees (Tempatan) Sdn Bhd	700,800	3.51
11)	Amanah Merchant Nominees (Tempatan) Sdn Bhd	663,040	3.32
12)	Overseas Assurance Corporation (Malaysia) Berhad	539,000	2.70
13)	Amanah Merchant Nominees (Tempatan) Sdn Bhd	520,960	2.61
14)	Cheng Kwai Lan	432,532	2.17
15)	T-Props (Malaysia) Sdn Bhd	266,000	1.33
16)	Espriwasa Sdn Bhd	255,480	1.28
17)	Citicorp Nominees (Tempatan) Sdn Bhd	219,000	1.10
18)	Lembaga Tabung Haji	215,000	1.08
19)	Bank Simpanan Nasional	200,000	1.00
20)	Yeoh Ah Tu	150,000	0.75

STATISTICS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS AS PER THE COMPANY'S REGISTER AS AT 31ST OCTOBER 2000

	% of Shares		% of Shares
	Direct	Indirect	
YONG YOKE KEONG	74,358	7,013,488	35.49
ISKANDAR HOLDINGS BERHAD	NIL	2,196,480	11.00
MIRZAN MAHATHIR	NIL	2,196,480	11.00
YONG CHEW KEAT	3,000	1,920,180	9.63
PERMODALAN NASIONAL BERHAD	999,000	NIL	5.00
THAVRON ASSOCIATES LIMITED	960,000	NIL	4.81
SPACE CULTURE (M) SDN BHD	917,000	NIL	4.59
ESPRIWASA SDN BHD	255,480	663,040	4.60
OVERSEAS ASSURANCE CORPORATION (M) SDN BHD	539,000	NIL	2.70
CHENG KWAI LAN	432,532	NIL	2.17

STATEMENT OF DIRECTORS' INTEREST AS AT 21ST JULY 2000 IN THE SHARE CAPITAL OF THE COMPANY

	% of Shares		% of Shares
	Direct	Indirect	
YONG YOKE KEONG*	72,358	7,013,488	35.48
MIRZAN MAHATHIR**	NIL	2,196,480	11.00
YONG CHEW KEAT***	3,000	1,920,180	9.63
TAN SENG KEE	8,000	NIL	0.04
HEE TECK MING****	NIL	1,000	0.01

* Indirect interest held through AMSEC Nominees (Tempatan) Sdn Bhd, Amanah Merchant Nominees (Tempatan) Sdn Bhd, Malaysia Nominees (Tempatan) Sdn Bhd, BOC Nominees (Tempatan) Sdn Bhd, Alliedban Nominees (Tempatan) Sdn Bhd

** Indirect interest held through Amanah Merchant Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd

*** Indirect interest held through Amanah Merchant Nominees (Tempatan) Sdn Bhd, BOC Nominees (Tempatan) Sdn Bhd, Citicorp Nominees (Tempatan) Sdn Bhd, Alliedban Nominees (Tempatan) Sdn Bhd

**** Indirect interest held through PB Nominees (Tempatan) Sdn Bhd

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Hotel Istana, Berlian & Baiduri Court Room, Ballroom Floor, No 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 22nd December, 2000 at 10.00 a.m.

1. To receive and adopt the Audited Accounts of the Company for the year ended 30th June, 2000 and the Directors' and Auditors' Reports thereon. ***(Resolution 1)***

2. To re-elect Mirzan Mahathir who retires by rotation in accordance with Article 80 of the Company's Articles of Association and being eligible has offered himself for re-election. ***(Resolution 2)***

3. To approve the payment of Directors' fees for the year ended 30th June, 2000. ***(Resolution 3)***

4. To re-appoint Deloitte KassimChan (formerly known as Kassim Chan & Co) as the Company's Auditors and to authorise the Directors to fix their remuneration. ***(Resolution 4)***

5. As Special Business:-
   To consider and if thought fit, to pass the following resolution, with or without modifications, as an Ordinary Resolution:-

AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES ***(Resolution 5)***

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue new shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. 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
TAN SOOK MEI (LS 02892)
Secretary
7th December, 2000

Notes:

(i) A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.

(ii) To be valid the proxy form duly completed must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.

(iii) A member shall be entitled to appoint more than one proxy (subject always to a maximum of three (3) proxies at each meeting) to attend and vote at the same meetings.

(iv) Where a member appoints more than one (1) proxy (subject always to a maximum of three (3) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(v) If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney duly authorised.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Resolution Pursuant To Section 132D Of The Companies Act, 1965

The Ordinary Resolution proposed under Agenda 5, if passed, will give the Directors of the Company, from the date of the forthcoming Annual General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by the law to be held, whichever is earlier.

Artwright®

ARTWRIGHT HOLDINGS BERHAD

(Company No: 274909-A)

FORM OF PROXY

SEVENTH ANNUAL GENERAL MEETING

I/We, ______________________________ NRIC/Company No. ____________________
(Please use block letters)

of ____

being a member/members of **ARTWRIGHT HOLDINGS BERHAD** hereby appoint ____________________

______________________________ of ______________________________
(Full Address)

____

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Hotel Istana, Berlian & Baiduri Court Room, Ballroom Floor, No 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 22nd December, 2000 at 10.00 a.m. and at any adjournment thereof on the following resolutions referred to in the Notice of Annual General Meeting.
My/Our proxy is to vote as indicated below:-

RESOLUTION	FOR	AGAINST
1. To receive and adopt the Audited Accounts of the Company for the financial year ended 30th June 2000 together with the Directors' and Auditors' Reports thereon		
2. To re-elect Mirzan Mahathir retiring in accordance with Article 80 of the Company's Articles of Association		
3. To approve the payment of Directors' fees for the financial year ended 30th June 2000		
4. To re-appoint Messrs Deloitte KassimChan (formerly known as Kassim Chan & Co) as the Company's Auditors and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS 5. To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

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

Dated this ______________ day of ____________________ 2000

No. of Ordinary Shares Held

____
Signature of Member(s) or Common Seal

Notes:

(i) A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.

(ii) To be valid the proxy form duly completed must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.

(iii) A member shall be entitled to appoint more than one proxy (subject always to a maximum of three (3) proxies at each meeting) to attend and vote at the same meetings.

(iv) Where a member appoints more than one (1) proxy (subject always to a maximum of three (3) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(v) If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney duly authorised.

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STAMP

The Company Secretary

ARTWRIGHT HOLDINGS BERHAD
(Company No. 274909-A)

C/O ARCHER CORPORATE SERVICES SDN BHD
(Company No. 481718-D)

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

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