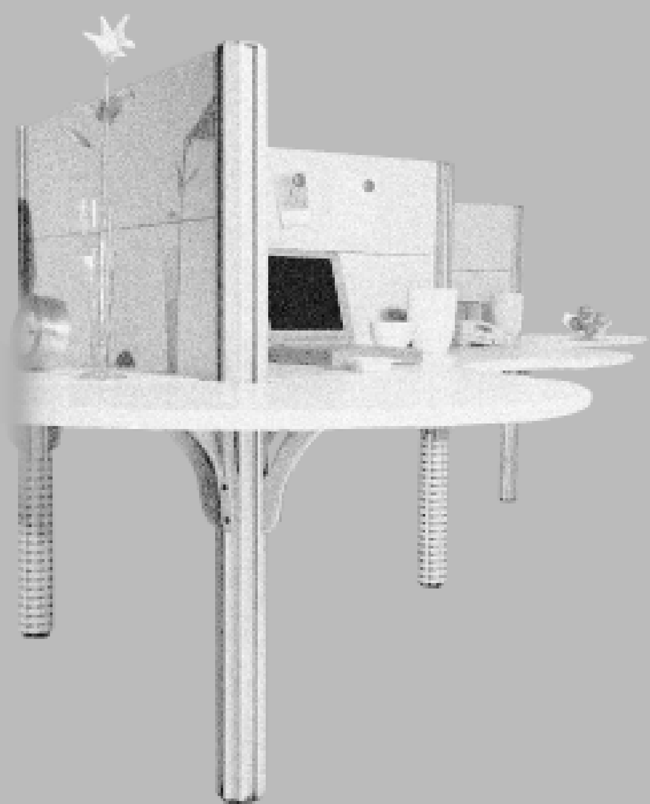
Artwright®

ANNUAL REPORT 2001



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

TAN SENG KEE
Non-Executive Director

HEE TECK MING
Independent Non-Executive Director

YONG YOKE KEONG
Managing Director / Chief Executive Officer

COMPANY SECRETARY

YEOH CHONG KEAT (*MIA 2736*)
TAN SOOK MEI *(LS 02892)*

REGISTERED OFFICE

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

REGISTRARS

PFA REGISTRATION SERVICES SDN BHD
Level 13, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Tel: 03-7725 8048
Fax: 03-7722 2311

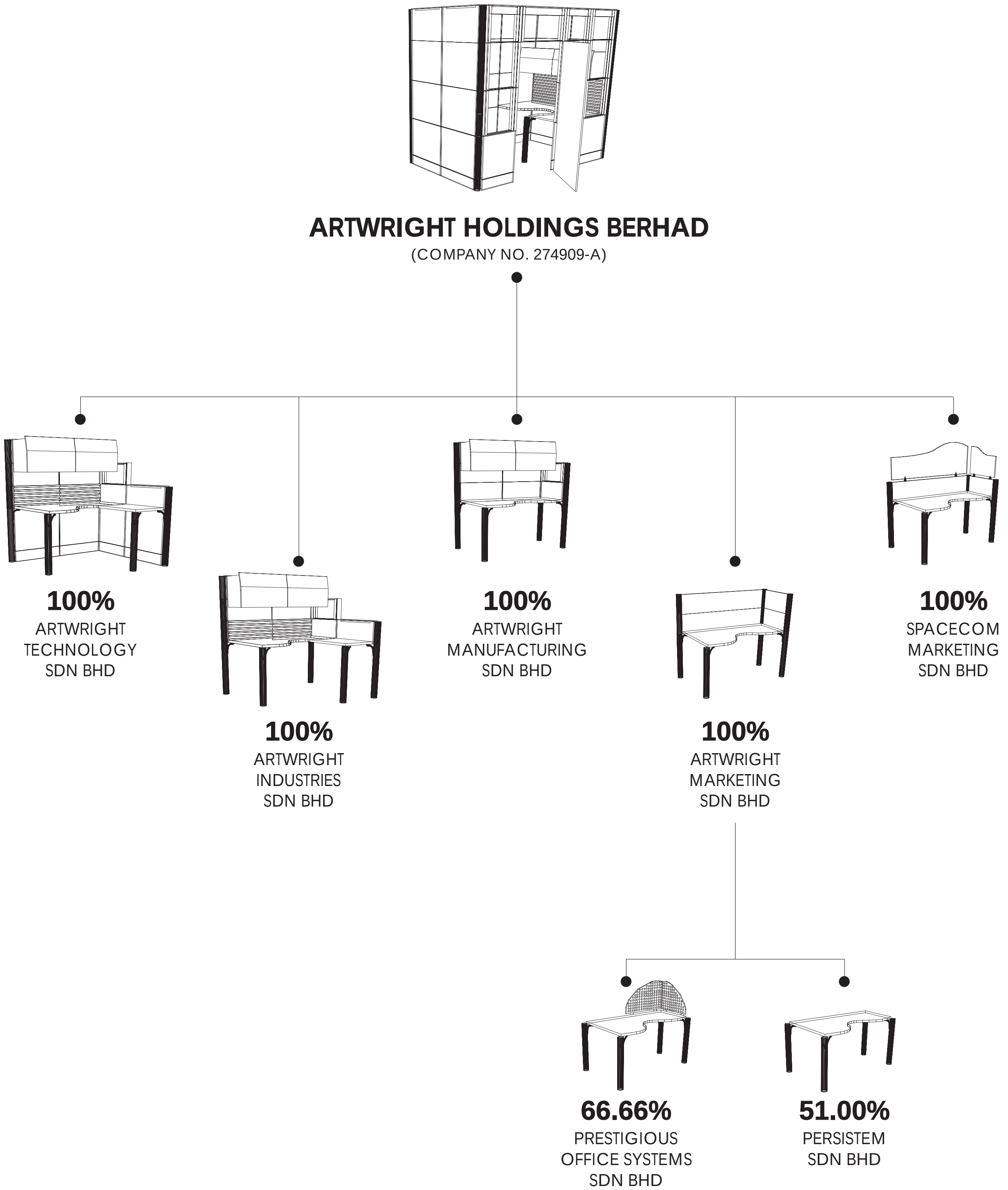
AUDITORS

DELOITTE KASSIMCHAN
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 BERHAD
ALLIANCE BANK MALAYSIA BERHAD
MALAYAN BANKING BERHAD
OCBC BANK BERHAD

GROUP CORPORATE STRUCTURE



BOARD OF DIRECTORS

Mirzan Mahathir, aged 42, is the Chairman of the Artwright Holdings Berhad (AHB) Group. He was appointed to the Board of AHB on 13 March 1996. He holds a Masters in Business Administration from the Wharton School, University of Pennsylvania, Philadelphia, United States of America and a Bachelor of Science (Honours) degree in Computer Science from Brighton Polytechnic, England. After obtaining his Masters in Business Administration in 1987, he worked for two years with Salomon Brothers Inc., an investment bank based in New York, USA, as an Investment Banking Associate. From April 1989 to February 1990, he was seconded to the Asia Pacific Investment Banking Department of Salomon Brothers Hong Kong Ltd., where he provided extensive investment banking advice on mergers and acquisitions, privatisations and capital raising. Since his return to Malaysia in March 1990, he was appointed director to several public listed companies such as Worldwide Holdings Berhad, Sunway Building Technology Berhad, Konsortium Logistik Berhad, Dataprep Holdings Berhad and Capetronic Consumer Electronics Holdings Berhad. He is also the President of the Container Hauliers Association of Malaysia, Chairman of Malaysian Youth Orchestra Foundation and President of the Asian Strategy and Leadership Institute.

Yong Yoke Keong, aged 42, was appointed as Director of AHB on 3 May 1994 and is currently the Managing Director/Chief Executive Officer of the Group. He graduated from McGill University, Canada with a Bachelor of Engineering degree majoring in Mechanical Engineering in 1982. He also obtained his Masters in Business Administration in 1985 from the same university with multiple concentrations in Finance, Management Information Systems and International Business. Upon graduation, he took charge of the administration and product development of the Group. By 1988, he was in charge of the Group's overall operations. Through his leadership and innovative management style, he has been the catalyst for numerous technological advancements experienced by the Group. He is elected the Council Member of the Federation of Malaysian Manufacturers ("FMM") and sits in the committee of FMM International and Trade Promotion. He was also the Joint Chairman of Institut Perekabentuk Dalaman Malaysia Industry Partners (IPDM-ip) in 1999.

Yong Chew Keat, aged 52, was appointed to the Board of AHB on 3 May 1994. He is one of the founder members of the Artwright business. Over the past 30 years, he had jointly managed the companies in the AHB Group with his late father until 1988. He has extensive experience in the furniture industry and his entrepreneurial skills have helped steer the Group into one of the leading office furniture manufacturers in Malaysia.

Tan Seng Kee, aged 44, was appointed as an independent non-Executive Director of AHB and an audit committee member on 13 March 1996. He obtained a Bachelor of Law (Honours) degree from University of Malaya in 1980. He practised as a legal assistant in several law firms before setting up his own legal practice. He has been a partner of Messrs Lee, Perara & Tan since 1988. He is also a Director of Pahanco Corporation Berhad, Kia Lim Berhad, Ajiya Berhad and Serisar Industries Berhad.

Hee Teck Ming, aged 42, was appointed as an independent Non-Executive Director and an audit committee member of AHB on 13 March 1996. He has several years of aluminum fabrication experience in the United Kingdom after his graduation in engineering in 1982. On his return to Malaysia, he was with United Technologies Carrier from 1988 to June 2000, where he last held the post of General Manager. Currently, he holds the position of a Commercial Director in Paracorp.

Details of Board Meeting held during the financial year
One (1) Board meeting of the Company was held during the financial year. Record of attendance of the Board Members is as follows:

Number of Meeting	:	First Meeting
Date of Meeting	:	17 May 2001
Time of Meeting	:	10.30 a.m.
Place of Meeting	:	1st Floor, Business Centre, Meeting Room 2, Hotel Nikko, Jalan Ampang, 50450 Kuala Lumpur

Name of Directors					
Attendance	Mirzan Mahathir	Yong Yoke Keong	Yong Chew Keat	Tan Seng Kee	Hee Teck Ming
Percentage of Attendance	1	1	1	1	1
	100	100	100	100	100

BOARD OF DIRECTORS

The remuneration of Directors of Artwright Holdings Berhad for the financial year ended 30 June 2001 is as follows:

	Executive Directors RM	Non-Executive Directors RM	Total RM
Directors' fees	36,000	24,000	60,000
Emoluments	389,760	26,880	416,640
Benefits-in-kind	49,950	-	49,950
Total	475,710	50,880	526,590

Band (RM)	No. of Executive Directors	No. of Non-Executive Directors	Total
Below 50,00	-	3	3
50,001 - 100,000	-	-	-
100,001 - 150,000	-	-	-
150,001 - 200,000	1	-	1
200,001 - 250,000	-	-	-
250,001 - 300,000	1	-	1
Total	2	3	5

1. **Family Relationship of Directors**
   With the exception of Yong Chew Keat being the sibling of Yong Yoke Keong, the Managing Director of the Company, none of the Directors has any family relationship with each other and/or major shareholders of the Company.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with the Company.

3. **Convictions for Offences**
   None of the Directors had convictions for any offences within the past 10 years.

4. **Directors' Responsibility Statement**
   The Directors of the Company are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company. The Directors are required to ensure that the financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

   In preparing those financial statements of the Group and the Company for the year ended 30 June 2001, the Group has adopted the appropriate accounting policies and applied them consistently and all applicable approved accounting standards have been followed. The financial statements are prepared on a going concern basis.

Others

1. There has been no sanctions and/or penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies other than being classified as an affected listed issuer according to the Practice Note 4/2001 issued by the Kuala Lumpur Stock Exchange.

2. There has been no non-audit fees paid to external auditors for the financial year.

3. There was no profit estimate, forecast or projection released by the Company in respect of the financial year under review.

4. There was no profit guarantee issued by the Company in respect of the financial year under review.

5. There were no material contracts of the Group involving directors and major shareholders' interest, subsisting at end of the financial year or entered into since the end of the previous financial year.

6. There was no ADR or GDR programme sponsored by the Company during the financial year under review.

7. There was no proceeds raised from any corporate proposal during the financial year under review.

AUDIT COMMITTEE

COMPOSITION AND DESIGNATION

Chairman	**Mr. Tan Seng Kee**	~ (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 others:

(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 REFERENCE OF AUDIT COMMITTEE

Constitution

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

Meetings Held During the Financial Year ended 30 June 2001

The Audit Committee held four (4) meetings during the financial year ended 30 June 2001 with presence of the Finance Management of the Company. The Audit Committee members attended all the four meetings.

Summary of Activities

The Audit Committee reviewed the quarterly and year-end financial statements and recommended to the Board for approval before announcing the same to the Kuala Lumpur Stock Exchange (KLSE) and Securities Commission. The Committee members were updated accordingly of developments on the accounting standard issues.

Existence of Internal Audit Function

The Company was noted of the KLSE Listing Requirement to establish an internal audit function to assist the Audit Committee in the discharge of its duties and responsibilities. The Company is in the process of establishing an internal audit function to ensure risks faced by the business in pursuit of its objectives are identified and managed at known acceptable levels.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I have the honour to present you the sixth Annual Report and Financial Statements of Artwright Holdings Berhad for the financial year ended 30 June 2001.

CODE ON CORPORATE GOVERNANCE

In March 2000, the Finance Committee on Corporate Governance issued the Malaysian Code on Corporate Governance. The Code sets out basic principles and best practices on structures and processes that companies may use towards achieving the optimal governance framework.

The Board of Directors recognizes the importance of practising the high standards of corporate governance throughout the Group as a fundamental part of discharging their fiduciary responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

Although the revamped KLSE Listing Requirements on corporate governance is scheduled to come full force only after 30 June 2001, the Board has initiated moves to comply with the best practices described within the Code.

INDUSTRY TREND AND DEVELOPMENT

The AHB Group is principally in the furniture industry to provide its customers with the entire value chain in the industry, including but not limited to research and development of the market and product requirements; tooling and supply chain management; and the international marketing and distribution network management. While the current domestic market is bearish due to the local sentiments, the prospect of the furniture industry remain bright with the projected export market to grow strongly from RM2.3 billion in 1995 to RM7 billion by 2005. Demand from overseas is expected to register significant growth as Malaysian furniture products are accepted overseas and gain popularity among international buyers.

The Malaysian furniture industry will continue to be a major contributor to the industrialization of the Malaysian economy. The liberalization of global markets will provide new and bigger market opportunities to the industry. It is expected that the future developments in the furniture industry will depend to a large extent on a company's capacity to constantly develop relevant and competitive products; and improve distribution and logistic channels. Therefore, only those players with significant resources, technology, established webs of distributions internationally would be in a position to increase its market share.

GROUP'S PERFORMANCE

(I) Financial Review

The Group's turnover for the financial year was RM39.214mil as compared to prior year of RM37.229mil. The increase is generally due to increase in overseas orders arising from an attractive and relevant product mix and also from the improved product diversification program.

The Group recorded a net profit before interest, tax, and amortization & depreciation (EBITA) of RM1.978mil compared with a respective loss (LBITA) of RM1.743mil the year earlier. This has resulted the Group's loss before taxation (LBT) for the financial year under review to be RM9.513mil, an improvement of 22.5% compared to prior year loss of RM12.290mil. The improvement is mainly due to intensive reduction in operating expenses and staff costs, and gain on the disposal of non-core assets.

(II) Significant Event

The corporate proposal which was announced on 30 September 1999 pertaining to the proposed bonus issue, rights issue and ESOS was not pursued by the Company in view of the proposed strategic alliance with Steelcase Inc. as mentioned in the next paragraph.

The Company announced on 5 March 2001 that it had signed a Letter of Intent to form a strategic alliance with Steelcase Inc. ("Steelcase"). Subsequently, the Company had, on 31 May 2001, entered into a definitive Agreement for the Sale and

Purchase of Assets ("Assets Sale Agreement") with Rengard Industries Sdn Bhd ("Rengard") to dispose the manufacturing assets and a piece of land with buildings thereon belonging to the AHB Group to Rengard for US$17,500,000 (RM66,500,000) ("Proposed Disposals"). Simultaneously, upon completion of the Proposed Disposals, the Company will enter into the Joint Venture Agreement via participation as shareholders in a joint venture company, Rengard for the manufacturing of office furniture ("Proposed Strategic Alliance") to supply as contract manufacturer to the Artwright Group and the Steelcase Group.

On the debt restructuring, the Company had, on 20 July 2000, announced it had reached an agreement in principle with certain financial institutions and non-financial institutions ("Scheme Creditors") to a proposed voluntary debt restructuring scheme, subject to the signing of a Debt Restructuring Agreement. The Debt Restructuring Agreement was executed later on 6 September 2000. Subsequently the Group renegotiated with the Scheme Creditors to a revised proposed voluntary debt restructuring scheme ("Revised Proposed Debt Restructuring") and consequently had entered into a Supplementary Debt Restructuring Agreement ("SDRA") on 17 August 2001.

The Company also proposes to undertake an employee's share option scheme of up to ten percent (10%) of the issued and paid-up share capital of the Company at any point in time ("Proposed ESOS").

The Proposed Strategic Alliance, Proposed Disposals, Revised Proposed Debt Restructuring and the Proposed ESOS are hereinafter collectively referred to as the "Current Proposals".

On 21 August 2001, the Company has submitted the applications to the relevant authorities in relation to the Current Proposals.

PROSPECTS

The Company looks forward to the successful completion of the Current Proposals within the foreseeable future. These proposals are timely to reduce the level of borrowings and set the Company in a much healthier financial position to operate profitably which previously were not possible due to financial constraints. The Company would be able to increase its product offering being the exclusive Steelcase dealer in Malaysia upon the completion of the proposals.

The Company is focused on brand positioning, improving efficiency and reducing cost through superior business process and product design; and investing in R&D and aggressive marketing in the international market to strengthen itself amidst the current economic condition and as preparation for anticipated current growth prospect because of its much improved competitiveness arising from the Current Proposals.

The previous year significant event being the introduction of the new product range known as System MXi and a refined range of seating products has found good acceptance in the international market place. The Group has a good pipeline of new products introduction including a new range of storages. The Group also has a good pipeline of international office interior projects being the fruits of its previously established international network. The Company is cautiously optimistic about its good growth prospect.

ACKNOWLEDGMENT

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 of companies, for their continued contribution, commitment and dedication.

Please allow me to also take this opportunity to thank all our shareholders, bankers, advisors, 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 Mahatir
Chairman

FINANCIAL STATEMENTS 2001

DIRECTORS' 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, 2001.

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 10 to the Financial Statements.

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

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit/(Loss) before finance costs, depreciation and amortisation and income tax expense	1,978,029	(192,473)
Depreciation of property, plant and equipment	(4,318,448)	-
Amortisation of intangible assets	(495,802)	-
Amortisation of goodwill	(209,096)	-
Loss from operations	(3,045,317)	(192,473)
Finance costs	(6,468,110)	-
Loss before tax	(9,513,427)	(192,473)
Income tax expense	-	-
Loss after tax	(9,513,427)	(192,473)
Minority interests	(12,646)	-
Net loss for the year	(9,526,073)	(192,473)

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

As approved by the shareholders at an Extraordinary General Meeting held on December 22, 2000, the authorised share capital of the Company was increased from RM50,000,000 to RM1,000,000,000 by the creation of an additional 950,000,000 new ordinary shares of RM1 each.

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 financial year end, the Company proposed an Employees' Share Option Scheme ("Proposed ESOS") which involves the granting of options to executive directors and eligible employees of the Group, whereby the total number of shares which may be available under the Proposed ESOS shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at any one time during the existence of the Proposed ESOS.

The Proposed ESOS is subject to the approval of the relevant authorities and the shareholders of the Company as disclosed in Note 29 to the Financial Statements.

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 all known bad debts had been 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.

As of June 30, 2001, the Group has capital deficiency of RM12,641,238 as a result of losses incurred in the current and prior years and, current liabilities exceeding current assets by RM47,361,031. These factors, along with other factors as set forth in Note 28 to the Financial Statements, raise concern as to whether the Group will be able to continue as a going concern.

In light of the aforesaid circumstances, as mentioned in Note 29 to the Financial Statements, the Group is in the process of implementing a revised debt restructuring scheme and has entered into a proposed strategic alliance with Steelcase Inc., a company incorporated in the United States of America. Subject to the conclusion, approval and successful implementation of the proposed debt restructuring scheme and the proposed strategic alliance, the directors are satisfied that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis. This going concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and, consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

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

(a) which would render the amount written off as bad debts or the amount of 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 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 28 and 29 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. Yong Chew Keat retires by rotation at the forthcoming Annual General Meeting 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 of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1 each			
	Balance at 1.7.2000	**Bought**	**Sold**	**Balance at 30.6.2001**
Shares in the Company				
Registered in name of director				
Direct Interest				
Yong Yoke Keong	72,358	7,015,488	(300,000)	6,787,846
Yong Chew Keat	3,000	1,920,180	-	1,923,180
Tan Seng Kee	8,000	-	-	8,000
Hee Teck Ming	-	1,000	-	1,000
Indirect Interest				
Yong Yoke Keong	7,013,488	-	(7,013,488)	-
Yong Chew Keat	1,920,180	-	(1,920,180)	-
Mirzan bin Mahathir	2,196,480	-	-	2,196,480
Hee Teck Ming	1,000	-	(1,000)	-

Mr. Yong Yoke Keong, by virtue of his 33.99% equity interest in the Company, is deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has an interest.

DIRECTORS' REPORT

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 balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests 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, 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 25, 2001

REPORT OF THE AUDITORS TO THE MEMBERS OF ARTWRIGHT HOLDINGS BERHAD

We have audited the accompanying balance sheets as of June 30, 2001 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

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

   (i) the state of affairs of the Group and of the Company as of June 30, 2001 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and

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

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

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

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

Without qualifying our opinion, we draw attention to Note 28 to the Financial Statements. As of June 30, 2001, the Group has capital deficiency of RM12,641,238 as a result of losses incurred in the current and prior years, and current liabilities exceeding current assets by RM47,361,031. These factors along with other factors as set forth in Note 28 to the Financial Statements, raise concern as to whether the Group will be able to continue as a going concern. Subject to the conclusion, approval and successful implementation of the proposed debt restructuring scheme and the proposed strategic alliance as mentioned in Note 29 to the Financial Statements, the financial statements of the Group and of the Company have been prepared on a going concern basis. This going concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and, consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate.

DELOITTE KASSIMCHAN
AF 0080
Public Accountants

HIEW KIM TIAM
1717/08/03 (J)
Partner

September 25, 2001

INCOME STATEMENTS *(FOR THE YEAR ENDED JUNE 30, 2001)*

	Note	The Group 2001 RM	The Group 2000 RM	The Company 2001 RM	The Company 2000 RM
Revenue	4	**39,214,342**	37,228,857	**-**	-
Other operating income		**1,098,132**	205,525	**-**	-
Purchase of trading merchandise		**(1,253,998)**	(403,329)	**-**	-
Changes in inventories of finished goods and work-in-progress		**(2,334,811)**	(2,441,599)	**-**	-
Raw materials and consumables used		**(18,650,334)**	(14,906,186)	**-**	-
Staff costs		**(9,740,385)**	(11,142,022)	**-**	-
Other operating expenses		**(6,354,917)**	(10,284,445)	**(192,473)**	(122,629)
Profit/(Loss) before finance costs, depreciation and amortisation and income tax expense		**1,978,029**	(1,743,199)	**(192,473)**	(122,629)
Depreciation of property, plant and equipment		**(4,318,448)**	(4,547,966)	**-**	-
Amortisation of intangible assets		**(495,802)**	(338,788)	**-**	-
Amortisation of goodwill		**(209,096)**	(209,096)	**-**	-
Loss from operations		**(3,045,317)**	(6,839,049)	**(192,473)**	(122,629)
Finance costs	5	**(6,468,110)**	(5,451,302)	**-**	-
Loss before tax	5	**(9,513,427)**	(12,290,351)	**(192,473)**	(122,629)
Income tax expense	6	**-**	-	**-**	-
Loss after tax		**(9,513,427)**	(12,290,351)	**(192,473)**	(122,629)
Minority interests		**(12,646)**	27,212	**-**	-
Net loss for the year		**(9,526,073)**	(12,263,139)	**(192,473)**	(122,629)
Loss per ordinary share (sen)					
Basic	7	**(47.70)**	(61.41)		

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

BALANCE SHEETS *(AS OF JUNE 30, 2001)*

	Note	The Group 2001 RM	The Group 2000 RM	The Company 2001 RM	The Company 2000 RM
Property, plant and equipment	8	**38,088,026**	43,353,712	**-**	-
Goodwill on consolidation	9	**3,557,842**	3,766,938	**-**	-
Investment in subsidiary companies	10	**-**	-	**18,695,922**	18,695,922
Other investments	11	**53,000**	53,000	**-**	-
Intangible assets	12	**2,099,044**	2,291,326	**-**	-
Current Assets					
Inventories	13	**12,367,200**	14,870,750	**-**	-
Trade receivables	14&15	**25,994,277**	25,716,953	**-**	-
Other receivables, deposits and prepayments	15	**2,563,797**	2,730,147	**734,068**	277,422
Amount owing by subsidiary companies	10	**-**	-	**12,243,277**	12,732,274
Cash and bank balances		**1,624,092**	455,766	**61,088**	97,586
		42,549,366	43,773,616	**13,038,433**	13,107,282
Current Liabilities					
Trade payables	15	**7,555,655**	9,476,216	**-**	-
Other payables and accrued expenses	15&16	**13,045,705**	10,927,038	**126,919**	66,919
Amount owing to subsidiary companies	10	**-**	-	**498,371**	434,747
Amount owing to directors	17	**60,000**	60,000	**60,000**	60,000
Bank borrowings	18	**49,593,119**	47,145,553	**-**	-
Hire-purchase and lease obligations - current portion	19	**9,391,539**	7,540,283	**-**	-
Long-term loans - current portion	20	**10,263,082**	6,508,000	**-**	-
Tax liabilities		**1,297**	1,297	**1,297**	1,297
		89,910,397	81,658,387	**686,587**	562,963
Net Current Assets/ (Liabilities)		**(47,361,031)**	(37,884,771)	**12,351,846**	12,544,319

(Forward)

BALANCE SHEETS *(AS OF JUNE 30, 2001)*

	Note	The Group 2001 RM	The Group 2000 RM	The Company 2001 RM	The Company 2000 RM
Long-Term Liabilities					
Hire-purchase and lease obligations - non-current portion	19	**(1,988,614)**	(4,492,511)	**-**	-
Long-term loans - non-current portion	20	**(7,041,646)**	(10,167,646)	**-**	-
		(9,030,260)	(14,660,157)	**-**	-
Minority interests		**47,859**	35,213	**-**	-
Net Assets/(Liabilities)		**(12,641,238)**	(3,115,165)	**31,047,768**	31,240,241
Issued capital	21	**19,970,000**	19,970,000	**19,970,000**	19,970,000
Reserves	22	**(32,611,238)**	(23,085,165)	**11,077,768**	11,270,241
Shareholders' Equity/ (Capital Deficiency)		**(12,641,238)**	(3,115,165)	**31,047,768**	31,240,241

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

STATEMENTS OF CHANGES IN EQUITY *(FOR THE YEAR ENDED JUNE 30, 2001)*

The Group

	Issued Capital RM	Non-Distributable Reserve Share Premium RM	Distributable Reserve Accumulated Loss RM	Total RM
Balance as of July 1, 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)
Net loss for the year	-	-	(9,526,073)	(9,526,073)
Balance as of June 30, 2001	19,970,000	10,935,362	(43,546,600)	(12,641,238)

The Company

	Issued Capital RM	Non-Distributable Reserve Share Premium RM	Distributable Reserve Unappropriated Profit RM	Total RM
Balance as of July 1, 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
Net loss for the year	-	-	(192,473)	(192,473)
Balance as of June 30, 2001	19,970,000	10,935,362	142,406	31,047,768

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

CASH FLOW STATEMENTS *(FOR THE YEAR ENDED JUNE 30, 2001)*

The Group	2001 RM	2000 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(9,513,427)**	(12,290,351)
Adjustments for:		
Finance costs	**6,468,110**	5,451,302
Depreciation of property, plant and equipment	**4,318,448**	4,547,966
Provision for doubtful debts	**700,830**	493,326
Amortisation of intangible assets	**495,802**	338,788
Expenditure carried forward written off	**265,209**	-
Amortisation of goodwill	**209,096**	209,096
Property, plant and equipment written off	**208,348**	-
Bad debts written off	**16,392**	-
Provision for doubtful debts no longer required	**(103,690)**	-
Gain on disposal of property, plant and equipment	**(852,045)**	(96,962)
Inventories written off	**-**	109,632
Loss on disposal of investment in quoted shares	**-**	560
Dividend income	**-**	(50)
Operating Profit/(Loss) Before Working Capital Changes	**2,213,073**	(1,236,693)
Decrease in inventories	**2,503,550**	3,327,515
Increase in trade receivables	**(890,856)**	(510,116)
Decrease in other receivables, deposits and prepayments	**220,360**	267,940
Increase/(Decrease) in trade payables	**(1,920,561)**	358,847
Increase/(Decrease) in other payables and accrued expenses	**(1,278,378)**	1,424,051
Cash Generated From Operations	**847,188**	3,631,544
Additions to intangible assets	**(568,729)**	(785,057)
Income tax paid	**(54,010)**	(284,351)
Net Cash From Operating Activities	**224,449**	2,562,136

(Forward)

CASH FLOW STATEMENTS *(FOR THE YEAR ENDED JUNE 30, 2001)*

	Note	2001 RM	2000 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**1,967,200**	192,188
Purchase of property, plant and equipment		**(353,805)**	(783,016)
Real property gains tax paid		**(22,460)**	-
Proceeds from disposal of investment in quoted shares		**-**	5,040
Dividend received		**-**	50
Net Cash From/(Used In) Investing Activities		**1,590,935**	(585,738)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		**(870,918)**	(110,000)
Finance costs paid		**(540,505)**	(1,348,936)
Increase in bank borrowings		**1,094,708**	3,998,255
Repayment of hire-purchase obligations		**(390,891)**	(541,274)
Repayment of lease obligations		**(261,750)**	(196,664)
Net Cash From/(Used In) Financing Activities		**(969,356)**	1,801,381
NET INCREASE IN CASH AND CASH EQUIVALENTS		**846,028**	3,777,779
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**(8,691,576)**	(12,469,355)
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	**(7,845,548)**	(8,691,576)

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

CASH FLOW STATEMENTS *(FOR THE YEAR ENDED JUNE 30, 2001)*

The Company	Note	2001 RM	2000 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(192,473)**	(122,629)
Operating Loss Before Working Capital Changes		**(192,473)**	(122,629)
Increase in other receivables, deposits and prepayments		**(406,233)**	(277,422)
Decrease in amount owing by subsidiary companies		**488,997**	82,332
Increase in other payables and accrued expenses		**60,000**	400
Increase in amount owing to subsidiary companies		**63,624**	433,124
Cash Generated From Operations		**13,915**	115,805
Income tax paid		**(50,413)**	(48,551)
Net Cash From/(Used In) Operating Activities		**(36,498)**	67,254
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(36,498)**	67,254
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**97,586**	30,332
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	**61,088**	97,586

The accompanying Notes form an integral part of 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 10.

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.

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 profitably in the foreseeable future and that the proposed debt restructuring and the proposed strategic alliance with Steelcase Inc., a company incorporated in the United States of America as mentioned in Note 29 will be concluded, approved and successfully 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 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.

Revenue is recognised on the following basis:

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

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

Management fees - when service is performed.

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 upon actual realisation.

Foreign Currency Transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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 10 made up to June 30, 2001.

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.

Goodwill on Consolidation

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

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 unquoted shares of the 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 investments.

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.

Intangible Assets

i) Patents and trademarks

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

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

ii) Research and development costs

Research and development costs, which represents the cost of designing new or substantially improved products, are 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

In prior years, preliminary and pre-operating expenses of subsidiary companies are stated at cost and are amortised evenly over 5 years when these subsidiary companies commence operations.

The preliminary and pre-operating expenses are written off to the income statements during the year in accordance with the requirements of MASB 1B - 1 Interpretation Bulletin on Preliminary and Pre-operating Expenditure, which requires that preliminary and pre-operating expenses that do not meet the criteria for recognition of assets under a relevant accounting standard be recognised as an expense when these are incurred.

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

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

4. REVENUE

Analysis of revenue is as follows:

	The Group	
	2001	2000
	RM	RM
Manufacturing and trading of drafting equipment, office furniture and specialised computer furniture	**39,214,342**	37,228,857

5. LOSS BEFORE TAX

Loss before tax is arrived at:

	The Group		The Company	
	2001	2000	2001	2001
	RM	RM	RM	RM
After charging:				
Finance costs comprise interest on:				
Long-term loans	**1,830,071**	1,618,505	**-**	-
Short-term loans	**241,158**	95,988	**-**	-
Revolving credits	**1,496,095**	1,419,975	**-**	-
Bankers' acceptances	**959,126**	180,795	**-**	-
Hire-purchase	**940,018**	1,086,250	**-**	-
Bank overdrafts	**786,136**	797,773	**-**	-
Finance lease	**108,718**	217,376	**-**	-
Trust receipts	**97,553**	21,041	**-**	-
Others	**9,235**	13,599	**-**	-
Provision for doubtful debts	**700,830**	493,326	**-**	-
Directors' remuneration				
Fees	**60,000**	60,000	**60,000**	60,000
Other emoluments	**506,215**	503,213	**-**	-
Expenditure carried forward written off	**265,209**	-	**-**	-
Property, plant and equipment written off	**208,348**	-	**-**	-
Rental expense on:				
Office	**58,400**	362,518	**-**	-
Plant, equipment and machinery	**30,000**	30,400	**-**	-
Audit fee	**46,400**	46,400	**5,300**	5,300
Bad debts written off	**16,392**	-	**-**	-
Realised loss on foreign exchange	**77**	-	**-**	-
Inventories written off	**-**	109,632	**-**	-
Loss on disposal of investment in quoted shares	**-**	560	**-**	-

(Forward)

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
And crediting:				
Gain on disposal of property, plant and equipment	**852,045**	96,962	**-**	-
Provision for doubtful debts no longer required	**103,690**	-	**-**	-
Realised gain on foreign exchange	**71,459**	17,076	**-**	-
Gross dividend from investment in quoted shares	**-**	50	**-**	-

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to approximately RM45,950 (2000: RM43,750).

6. **INCOME TAX EXPENSE**

No provision for taxation has been made in 2001 and 2000 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, 2001, the cumulative estimated tax-exempt income available arising from tax-exempt income claimed during the pioneer period by the said subsidiary company amounted to approximately RM33,017,000 and is subject to approval by the Inland Revenue Board.

Also, the said subsidiary company claimed reinvestment allowances under Schedule 7A of the Income Tax Act, 1967. 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, 2001, subject to agreement by the Inland Revenue Board, the cumulative reinvestment allowances claimed amounted to approximately RM14,178,000 (2000 : RM13,199,000).

NOTES TO THE FINANCIAL STATEMENTS

As mentioned in Note 3, the tax effects of timing differences which would give rise to net future tax benefits are recognised generally upon actual realisation. As of June 30, 2001, the estimated amount of deferred tax benefits, calculated at current tax rate, which have not been recognised in the financial statements are as follows:

	Deferred Assets / (Liabilities)			
	The Group		The Company	
	2001	2000	2001	2000
	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	**(1,997,000)**	(1,841,000)	**-**	-
Excess of tax deductions for lease payments over book depreciation of property, plant and equipment under leases	**(286,000)**	(325,000)	**-**	-
Unutilised tax losses	**17,087,000**	15,153,000	**77,000**	29,000
Unabsorbed capital allowances	**4,588,000**	3,480,000	**-**	-
Reinvestment allowances	**3,970,000**	3,696,000	**-**	-
Others	**(473,000)**	(442,000)	**-**	-
	22,889,000	19,721,000	**77,000**	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 is calculated by dividing the net loss for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2001	2000
	RM	RM
Net loss for the year	**9,526,073**	12,263,139
Weighted average number of ordinary shares in issue	**19,970,000**	19,970,000
Loss per ordinary share (sen)	**47.70**	61.41

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

The Group

2001 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)	-	-	-
Factory building, shophouse and renovations	23,276,486	39,984	(428,400)	(369,196)	22,518,874	19,660,268
Plant and machinery	16,662,785	-	(163,740)	-	16,499,045	6,809,186
Tools, equipment and moulds	3,002,321	146,275	(164,000)	-	2,984,596	1,348,650
Office and computer equipment, furniture and fittings and air-conditioners	12,095,429	167,546	(25,256)	-	12,237,719	3,887,669
Motor vehicles	3,800,148	-	(886,397)	-	2,913,751	457,850
Total	65,173,172	353,805	(2,079,393)	(369,196)	63,078,388	38,088,026

The Group

2001 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	29,844	-	(29,844)	-	-
Factory building, shophouse and renovations	2,503,723	567,139	(51,408)	(160,848)	2,858,606
Plant and machinery	8,295,469	1,557,272	(162,882)	-	9,689,859
Tools, equipment and moulds	1,405,784	277,496	(47,334)	-	1,635,946
Office and computer equipment, furniture and fittings and air-conditioners	6,801,728	1,559,056	(10,734)	-	8,350,050
Motor vehicles	2,782,912	357,485	(684,496)	-	2,455,901
Total	21,819,460	4,318,448	(986,698)	(160,848)	24,990,362

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

Included under property, plant and equipment of the Group are certain assets with a net book value of RM6,753,169 (2000 : RM9,143,743) and RM1,021,550 (2000 : RM1,575,271) which are acquired under hire-purchase and lease agreements respectively.

The Group's freehold land and factory building with a net book value of RM20,067,052 (2000 : RM20,592,728) are charged to certain local banks to secure credit facilities and long-term loans granted to a subsidiary company as mentioned in Notes 18 and 20.

9. GOODWILL ON CONSOLIDATION

	The Group 2001 RM	The Group 2000 RM
Goodwill at beginning of year	**5,227,404**	5,227,404
Cumulative amortisation at beginning of year	**(1,460,466)**	(1,251,370)
Current amortisation	**(209,096)**	(209,096)
Cumulative amortisation at end of year	**(1,669,562)**	(1,460,466)
	3,557,842	3,766,938

10. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2001 RM	The Company 2000 RM
Unquoted shares - At cost	**18,695,922**	18,695,922

As of June 30, 2001, the carrying value of the Company's investments in unquoted shares of subsidiary companies is in excess of the underlying net tangible assets backing by approximately RM11,476,000. No provision for diminution in value of the investments has been provided in the Company's financial statements as the directors are of the opinion that the investments are held for long-term purpose and no permanent impairment in the value of the investments has occurred.

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

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

	Effective Equity Interest 2001 and 2000	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%	Dormant
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.

11. OTHER INVESTMENTS

Other investments consist of:

	The Group	
	2001	**2000**
	RM	**RM**
Quoted shares - At cost	**3,000**	3,000
Unquoted shares - At cost	**50,000**	50,000
	53,000	53,000
Market value of quoted shares	**1,780**	2,600

12. INTANGIBLE ASSETS

Intangible assets consist of the following:

	The Group	
	2001	**2000**
	RM	**RM**
Patents and trademarks	**525,015**	470,296
Less: Accumulated amortisation	**(197,281)**	(103,222)
	327,734	367,074
Research and development costs	**2,604,467**	2,090,457
Less: Accumulated amortisation	**(833,157)**	(431,414)
	1,771,310	1,659,043
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)
Written off	**(265,209)**	-
	-	265,209
	2,099,044	2,291,326

13. INVENTORIES

	The Group	
	2001	**2000**
	RM	**RM**
At cost:		
Raw materials	**3,740,685**	3,909,424
Work-in-progress	**2,472,707**	4,446,665
Finished goods	**6,475,750**	6,836,603
	12,689,142	15,192,692
Less: Provision for inventory obsolescence	**(321,942)**	(321,942)
	12,367,200	14,870,750

14. TRADE RECEIVABLES

	The Group	
	2001	**2000**
	RM	**RM**
Trade receivables	**27,678,784**	26,952,351
Less: Provision for doubtful debts	**(1,684,507)**	(1,235,398)
	25,994,277	25,716,953

15. SIGNIFICANT RELATED PARTIES/INTERCOMPANY TRANSACTIONS AND BALANCES

Related parties are entities, excluding related companies, which have common directors and/or shareholders with the Company or its subsidiary companies.

Included in the following accounts of the Group are balances owing by/(to) related parties or companies in which certain directors of the Company are also directors:

	The Group	
	2001	**2000**
	RM	**RM**
Trade receivables	**16,158,147**	15,826,804
Other receivables, deposits and prepayments	**413,599**	871,724
Trade payables	**-**	32,238
Other payables and accrued expenses	**-**	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 are as follows:

	The Group	
	2001	2000
	RM	RM
Artwright Singapore Pte. Ltd., a company in which Mr. Yong Yoke Keong and Mr. Yong Chew Keat, directors of the Company, have financial interests:		
Sales	**4,781,010**	4,067,802

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

16. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Other payables	**4,615,905**	5,448,053	**120,002**	60,002
Accrued expenses	**8,429,800**	5,478,985	**6,917**	6,917
	13,045,705	10,927,038	**126,919**	66,919

Other payables of the Group in 2001 and 2000 comprise mainly of outstanding payroll liabilities payable as at June 30, 2001.

Accrued expenses of the Group in 2001 and 2000 comprise mainly of accrued interest on hire-purchase and lease obligations and long-term loans as at year end.

17. AMOUNT OWING TO DIRECTORS

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

18. BANK BORROWINGS

	The Group	
	2001	**2000**
	RM	**RM**
Revolving credits	**22,237,458**	20,949,712
Bankers' acceptances	**14,136,379**	13,189,278
Bank overdrafts (Note 23)	**9,469,640**	9,147,342
Short-term loans	**3,197,161**	2,969,000
Trust receipts	**552,481**	890,221
	49,593,119	47,145,553

As of June 30, 2001, the Group has bank overdrafts and other credit facilities totalling RM64,202,000 (2000 : RM61,914,440) obtained from certain local banks. The bank overdrafts and other credit facilities are secured by collaterals as disclosed in Note 20.

These facilities of the Group bear interest at rates ranging from 5.00% to 7.80% (2000 : 4.15% to 9.25%) per annum.

Subsequent to the financial year end, the Group entered into a Supplementary Debt Restructuring Agreement with the bankers for the settlement of the bank borrowings through cash, issuance of Irredeemable Convertible Unsecured Loan Stocks, issuance of ordinary shares of the Company and the terming out of the balance of unsettled borrowings.

The details of the proposed debt restructuring scheme are as disclosed in Note 29.

19. HIRE-PURCHASE AND LEASE OBLIGATIONS

	The Group	
	2001	**2000**
	RM	**RM**
Minimum hire-purchase and lease payments:		
Not later than 1 year	**10,006,937**	8,502,365
Within 1-2 years	**1,670,414**	3,342,160
Within 2-5 years	**1,103,877**	2,577,380
	12,781,228	14,421,905
Less: Future finance charges on hire-purchase and lease obligations	**(1,401,075)**	(2,389,111)
Present value of hire-purchase and lease obligations	**11,380,153**	12,032,794
Less: Current portion (included under current liabilities)	**(9,391,539)**	(7,540,283)
Non-current portion	**1,988,614**	4,492,511

The non-current portion of the present value of hire purchase and lease obligations is repayable as follows:

	The Group	
	2001	2000
	RM	RM
Within 1 - 2 years	**1,199,181**	2,546,107
Within 2 - 5 years	**789,433**	1,946,404
	1,988,614	4,492,511

Since 1999, one of the subsidiary companies has defaulted in its instalment payments, of both the principal and interest, of certain hire-purchase and lease obligations. Subsequent to the financial year end, the Group entered into a Supplementary Debt Restructuring Agreement with the respective hire-purchase and lease creditors of the said subsidiary company for the settlement of the hire-purchase and lease obligations through the utilisation of proceeds from the Proposed Disposals as mentioned in Note 29.

20. LONG-TERM LOANS

	The Group	
	2001	2000
	RM	RM
Total principal outstanding	**17,304,728**	16,675,646
Less: Current portion (included under current liabilities)	**(10,263,082)**	(6,508,000)
Non-current portion	**7,041,646**	10,167,646

The non-current portion is repayable as follows:

	2001	2000
	RM	RM
Within 1 - 2 years	**3,016,000**	3,126,000
Within 2 - 5 years	**4,025,646**	7,041,646
	7,041,646	10,167,646

The Group's long-term loans pertaining to a subsidiary company are obtained from three local banks and bear interest at rates ranging from 7.80% to 9.30% (2000 : 8.05% to 9.25%) per annum.

Term loan I is repayable in 85 monthly installments 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 is repayable in 36 monthly installments 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.

Term loan III which was converted from bank overdrafts during the year is repayable in 12 monthly installments of RM125,000 each commencing July 2001. The said term loan is secured against a negative pledge on the said subsidiary company's assets and a corporate guarantee of the Company.

Since 1999, the said subsidiary company has defaulted in its instalment payments, of both the principal and interest of the term loans. Subsequent to the financial year end, the Group entered into a Supplementary Debt Restructuring Agreement with the bankers for the settlement of the term loans through cash and issuance of ordinary shares of the Company. The details of the proposed debt restructuring scheme are as disclosed in Note 29.

21. SHARE CAPITAL

Share capital is represented by:

	The Group and The Company	
	2001	2000
	RM	RM
Authorised:		
Ordinary shares of RM1 each:		
Balance at beginning of year	**50,000,000**	50,000,000
Created during the year	**950,000,000**	-
Balance at end of year	**1,000,000,000**	50,000,000
Issued and fully paid:		
Ordinary shares of RM1 each	**19,970,000**	19,970,000

As approved by the shareholders at an Extraordinary General Meeting held on December 22, 2000, the authorised share capital of the Company was increased from RM50,000,000 to RM1,000,000,000 by the creation of an additional 950,000,000 new ordinary shares of RM1 each.

22. RESERVES

Reserves consist of the following:

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Non-distributable:				
Share premium	**10,935,362**	10,935,362	**10,935,362**	10,935,362
Distributable:				
Unappropriated profit/ (Accumulated loss)	**(43,546,600)**	(34,020,527)	**142,406**	334,879
	(32,611,238)	(23,085,165)	**11,077,768**	11,270,241

	The Group 2001 RM	The Group 2000 RM	The Company 2001 RM	The Company 2000 RM
Share premium arose from the following issue of shares:				
9,108,723 ordinary shares issued at a premium of RM1.0476 per share in 1994	**9,542,197**	9,542,197	**9,542,197**	9,542,197
4,692,371 ordinary shares issued at a premium of RM1.1214 per share in 1994	**5,262,069**	5,262,069	**5,262,069**	5,262,069
880,921 ordinary shares issued at a premium of RM1.6109 per share in 1994	**1,419,079**	1,419,079	**1,419,079**	1,419,079
Capitalised for bonus issue in 1996	**(5,287,983)**	(5,287,983)	**(5,287,983)**	(5,287,983)
	10,935,362	10,935,362	**10,935,362**	10,935,362

23. CASH AND CASH EQUIVALENTS

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

	The Group 2001 RM	The Group 2000 RM	The Company 2001 RM	The Company 2000 RM
Cash and bank balances	**1,624,092**	455,766	**61,088**	97,586
Bank overdrafts (Note 18)	**(9,469,640)**	(9,147,342)	**-**	-
	(7,845,548)	(8,691,576)	**61,088**	97,586

24. CONTINGENT LIABILITIES - UNSECURED

As of June 30, 2001, the Company has given unsecured corporate guarantees amounting to RM105,722,000 (2000 : 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, 2001 amounted to approximately RM89,124,000 (2000 : RM81,932,000). Accordingly, the Company is contingently liable to the extent of the facilities utilised by the said subsidiary companies.

During the current financial year, the Company has also given unsecured corporate guarantee amounting to RM1,000,000 (2000 : RMNil) to a third party for the supply of raw materials to a subsidiary company. The amount owing by the subsidiary company to the said third party as of June 30, 2001 amounted to RM316,914 (2000 : RMNil).

25. 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.

26. COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been reclassified to conform with the presentation in the current financial year. The reclassification made are as follows:

	The Group	
	As reclassified	**As previously reported**
	RM	**RM**
Income Statements:		
Purchase of trading merchandise	403,329	510,678
Raw materials and consumables used	14,906,186	19,603,104
Staff costs	11,142,022	10,636,730
Other operating expenses	10,284,445	5,985,470
Balance Sheets:		
Other receivables, deposits and prepayments	2,730,147	2,866,312
Other payables and acrued expenses	10,927,038	12,237,673
Bank borrowings	47,145,553	45,971,083
Cash Flow Statements:		
Decrease in other receivables, deposits and prepayments	267,940	2,277,214
Increase in other payables and accrued expenses	1,424,051	131,775
Increase in bank borrowings	3,998,255	4,186,162
Repayment of long-term loans	(110,000)	-
Finance costs paid	(1,348,936)	(2,363,841)

27. GENERAL INFORMATION

The total number of employees of the Group and of the Company as at year end were 306 (2000 : 324) and Nil (2000 : Nil) respectively.

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

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

28. GOING CONCERN ISSUES

As of June 30, 2001, the Group has capital deficiency of RM12,641,238 as a result of losses incurred in the current and prior years, and current liabilities exceeding current assets by RM47,361,031. Cash flows from existing activities of the Group and of the Company may not be sufficient to meet financial obligations as they fall due and as of June 30, 2001, short-term bank borrowings, term loans and hire-purchase and lease obligations of the Group due/ payable within the next twelve months amounted to approximately RM69,248,000.

In light of the aforesaid circumstances, as mentioned in Note 29, the Group is in the process of implementing a revised debt restructuring scheme and has entered into a proposed strategic alliance with Steelcase Inc., a company incorporated in the United States of America.

Subject to the conclusion, approval and successful implementation of the proposed debt restructuring scheme and the proposed strategic alliance, the financial statements of the Group and of the Company have been prepared on a going concern basis. This going concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and, consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

29. SIGNIFICANT/SUBSEQUENT EVENTS

(A) Initial Proposals

On September 30, 1999, 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 executives' share option scheme; and

(iv) 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.

(collectively referred to as the "Initial Proposals")

The Initial Proposals were approved by the Securities Commission on December 3, 1999. The shareholders of the Company had approved the Initial Proposals at an Extraordinary General Meeting on December 22, 2000. The Securities Commission had granted an extension of time to implement the Initial Proposals up to June 30, 2001. However, as a result of the Proposed Strategic Alliance, the Company, accordingly at this juncture has not pursued with the Initial Proposals.

(B) Current Proposals

(B1) Proposed Strategic Alliance

On June 5, 2001, the Company had announced to the Kuala Lumpur Stock Exchange ("KLSE") its proposed strategic alliance with Steelcase Inc. ("Steelcase"), a company incorporated in the United States of America, by participation as shareholders in a joint venture company, Rengard Industries Sdn. Bhd. ("Rengard") to carry on the business of manufacturing, selling, distributing and marketing of office equipment, furniture and furnishings ("Proposed Strategic Alliance"). In connection with the Proposed Strategic Alliance, the Company had, on May 31, 2001, entered into an agreement for the sale and purchase of assets ("Assets Sale Agreement") with Rengard for the disposal of the manufacturing assets and a piece of land with buildings thereon belonging to AHB Group to Rengard for a consideration of US$17,500,000 (RM66,500,000) ("Proposed Disposals").

(B2) Proposed Debt Restructuring

On July 20, 2000, the Group announced to the KLSE that it had reached an agreement in principle with certain financial institutions and non-financial institutions ("Scheme Creditors") to a proposed voluntary debt restructuring scheme. Consequently, a Debt Restructuring Agreement with the Scheme Creditors was executed on September 6, 2000. However, the Debt Restructuring Agreement had since lapsed on June 5, 2001 prior to obtaining the requisite approvals of all the relevant authorities.

The Group had renegotiated with the Scheme Creditors and had reached an agreement with the Scheme Creditors to a revised proposed voluntary debt restructuring scheme ("Revised Proposed Debt Restructuring"). On August 17, 2001, the Company announced to the KLSE that it has entered into a Supplementary Debt Restructuring Agreement ("SDRA") with the Scheme Creditors.

The SDRA, inter-alia, will involve the following:

(i) proposed settlement of the following amounts outstanding through the proceeds arising from the Proposed Disposals amounting to RM66,500,000, of which RM58,000,000 would be utilised as repayment to Scheme Creditors, while the remaining RM8,500,000 would be utilised for the estimated expenses relating to the proposals;

(a) payment to the secured creditors for the amounts outstanding of approximately RM36,159,000 as of August 31, 1999 in connection with the facilities granted by the secured creditors to the Group;

(b) payment to the hire purchase/lease creditors for the amounts outstanding of approximately RM14,001,000, as of October 1, 2000 in connection with the hire-purchase and lease facilities and the overdue hire purchase and lease installments and all other charges accrued and accruing up to June 30, 1999; and

(c) payment to the unsecured creditors for the part settlement of amounts outstanding of approximately RM7,840,000 as of August 31, 1999 to the unsecured creditors in connection with the unsecured facilities granted to the Group.

(ii) proposed issuance of 1,908,994 new ordinary shares of RM1 each of the Company at an issue price of RM1.89 per ordinary share to secured creditors and unsecured creditors as settlement of the interest on the capitalised secured debts and capitalised unsecured debts totalling RM3,608,000 for the period from September 1, 1999 to September 30, 2000;

(iii) proposed issuance of RM14,410,000 nominal value of 5-year 5.5% irredeemable convertible unsecured loan stocks ("ICULS") as part settlement of the unsecured debts amounting to RM29,089,910 to the unsecured creditors on the basis of RM1 nominal value of ICULS for every RM1 owing to the unsecured creditors ("Proposed ICULS Issue");

(iv) proposed terming out of RM6,839,500 over twelve (12) quarterly installments commencing two (2) years after the date of the completion of the Assets Sale Agreement; and

(v) waiver of interest chargeable on secured debts and unsecured debts owing to the secured and unsecured creditors on or after October 1, 2000.

(B3) Proposed ESOS

The Company also proposed to undertake an employee's share option scheme of up to ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time ("Proposed ESOS").

The Proposed Strategic Alliance, Proposed Disposals Proposed Revised Debt Restructuring and Proposed ESOS are collectively referred to as the "Current Proposals". The Current Proposals have been submitted to the Securities Commission on August 21, 2001 and are subject to the approval of the relevant authorities and shareholders of the Company.

STATEMENT BY DIRECTORS

The directors of Artwright Holdings Berhad state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of June 30, 2001 and of the results of the businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the directors,

____
YONG YOKE KEONG

____
YONG CHEW KEAT

Kuala Lumpur,
September 25, 2001

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

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

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YONG YOKE KEONG

Subscribed and solemnly declared by the abovementioned **YONG YOKE KEONG** at **KUALA LUMPUR** this 25th day of September, 2001.

Before me,

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COMMISSIONER FOR OATHS

LIST OF PROPERTIES

LOCATION	TENURE	DESCRIPTION	LAND AREA (SQ.FT)	NET BOOK VALUE AS AT 30 JUNE 2001 (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	1,689	12 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	23,311	5 years

STATISTICS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2001

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

Size of Shareholdings	No of Shareholders	% of Shareholdings	Total Shareholdings
1 - 999	0	0.00	0
1,000 - 10,000	961	9.34	1,864,358
10,001 - 100,000	35	4.35	869,000
100,001 - 998,499	18	39.03	7,794,634
998,500 - and above	6	47.28	9,442,008
	1,020	100.00	19,970,000

TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 28 SEPTEMBER 2001

		Shares Held	Percentage (%) Held
1)	AMSEC Nominees (Tempatan) Sdn Bhd *Qualifier: Arab-Malaysian Bank Berhad for Yong Yoke Keong*	2,576,000	12.90
2)	RHB Capital Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Iskandar Holdings Sdn Bhd*	1,675,520	8.39
3)	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Yong Yoke Keong*	1,635,200	8.19
4)	Alliance Merchant Nominees (Tempatan) Sdn Bhd *Qualifier: Yong Yoke Keong (Stakeholders)*	1,456,288	7.29
5)	Malaysia Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Yong Yoke Keong*	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)	Alliance Merchant Nominees (Tempatan) Sdn Bhd *Qualifier: Yong Chew Keat (Stakeholders)*	864,712	4.33
10)	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Yong Chew Keat*	700,800	3.51
11)	Alliance Merchant Nominees (Tempatan) Sdn Bhd *Qualifier: Espriwasa Sdn Bhd (Stakeholders)*	663,040	3.32
12)	Cheng Kwai Lan	573,532	2.87
13)	T-Props (Malaysia) Sdn Bhd	573,000	2.87
14)	Alliance Merchant Nominees (Tempatan) Sdn Bhd *Qualifier: Iskandar Holdings Sdn Bhd (Stakeholders)*	520,960	2.61
15)	Malaysia Nominees (Tempatan) Sdn Bhd *Qualifier: Great Eastern Life Assurance (Malaysia) Bhd*	449,000	2.25
16)	Espriwasa Sdn Bhd	255,480	1.28
17)	Lembaga Tabung Haji	215,000	1.08
18)	Citicorp Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Yong Chew Keat*	199,000	1.00
19)	Mayban Nominees (Tempatan) Sdn Bhd *Qualifier: Pledged Securities Account for Yong Chew Keat*	155,668	0.78
20)	Yeoh Ah Tu	148,000	0.74
21)	Amanah Raya Nominees (Tempatan) Sdn Bhd *Qualifier: Malaysia Progress Fund*	136,000	0.68
22)	Kuala Lumpur Stock Exchange	118,442	0.59
23)	Malaysia Nominees (Tempatan) Sdn Bhd *Qualifier: Amanah SSCM Asset Management Berhad for Amanah Small Cap Fund Berhad*	104,000	0.52
24)	Overseas Assurance Corporation (Malaysia) Berhad	90,000	0.45
25)	Bank Simpanan Nasional	67,000	0.34
26)	Bank Simpanan Nasional	66,000	0.33
27)	Cosmic Insurance Corporation Limited	60,000	0.30
28)	Bank Simpanan Nasional	56,000	0.28
29)	Cheng Kwai Lan	52,000	0.26
30)	Chee Ying Luen	50,000	0.25
	TOTAL	17,436,642	87.31

STATISTICS OF SHAREHOLDINGS

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES) AS AT 28 SEPTEMBER 2001

	Direct		Indirect	
NAME OF SUBSTANTIAL SHAREHOLDERS	**No. of Shares Held**	**% Held**	**No. of Shares Held**	**% Held**
YONG YOKE KEONG	6,787,846	33.99	-	-
ISKANDAR HOLDINGS SDN BHD	2,196,480	11.00	-	-
MIRZAN MAHATHIR	-	-	2,196,480 *(1)*	11.00
YONG CHEW KEAT	1,923,180	9.63	-	-
PERMODALAN NASIONAL BERHAD	999,000	5.00	-	-
YAYASAN PELABURAN BUMIPUTRA	-	-	999,000 *(1)*	5.00

Note:
(1) Deemed interest by virtue of Section 6A(4)(C) of the Companies Act, 1965

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 28 SEPTEMBER 2001

	Direct		Indirect	
NAME OF DIRECTORS	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
MIRZAN MAHATHIR	-	-	2,196,480 *(1)*	11.00
YONG YOKE KEONG	6,787,846	33.99	-	-
YONG CHEW KEAT	1,923,180	9.63	-	-
TAN SENG KEE	8,000	0.04	-	-
HEE TECK MING	1,000	0.01	-	-

Note:
(1) By virtue of his interest in Iskandar Holdings Sdn Bhd

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Hotel Istana, Baiduri and Berlian Courtroom, Ballroom Floor, No 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 29 November, 2001 at 12.00 noon.

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June, 2001 and the Directors' and Auditors' Reports thereon. ***(Resolution 1)***

2. To re-elect Yong Chew Keat 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 30 June, 2001. ***(Resolution 3)***

4. To re-appoint Messrs Deloitte KassimChan 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
YEOH CHONG KEAT (MIA 2736)
TAN SOOK MEI (LS 02892)
Secretaries
8 October, 2001

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.
vi) The Statement accompanying this notice is contained on page (46) of the Annual Report.

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.

STATEMENT ACCOMPANYING NOTICE OF EIGHTH ANNUAL GENERAL MEETING

1. Yong Chew Keat is standing for re-election at the Eighth Annual General Meeting of the Company.

2. Details of attendance of Directors at Board Meetings are contained on page 3 of the Annual Report.

3. Details of Yong Chew Keat being the Director who is standing for re-election.

Nationality	Malaysian
Age	52
Position in the Company	Executive Director
Qualification	Details as contained on page 3 of the Annual Report
Working experience and occupation	Details as contained on page 3 of the Annual Report
Other directorship of public companies	None
Securities holdings in the Company and its subsidiaries	Details as contained on page 43 & 44 of the Annual Report
Family relationship with any director and/or major shareholder of the Company	He is the sibling to Yong Yoke Keong, the Managing Director and major shareholder of the Company
Any conflict of interest with the Company	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil

Artwright®

ARTWRIGHT HOLDINGS BERHAD

(Company No: 274909-A)

EIGHTH ANNUAL GENERAL MEETING

FORM OF PROXY

No. of Ordinary Shares Held

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

of ____
(Full Address)

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 Eighth Annual General Meeting of the Company to be held at Hotel Istana, Baiduri and Berlian Courtroom, Ballroom Floor, No 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 29 November, 2001 at 12.00 noon 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 Financial Statements of the Company for the year ended 30 June, 2001 and the Directors' and Auditors' Reports thereon		
2. To re-elect Yong Chew Keat 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 30 June 2001		
4. To re-appoint Messrs Deloitte KassimChan 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 __________________ 2001

____

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.

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(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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O U R   M I S S I O N

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