Artwright®

Annual Report 2002

Artwright is about Design. The company is known for the design and innovation of creative products that deliver a fully integrated and highly flexible office interior solution with functionality, aesthetics, and modularity.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the seventh Annual Report and Financial Statements of Artwright Holdings Berhad for the financial year ended 30 June 2002.

Due to the hard work and dedication of our people, our most valuable asset, I am happy to report that over the course of the year, Artwright has regained much of our former strength. I congratulate the entire Artwright team for this positive turnaround.

Discussion and Analysis

During the year, Artwright has successfully completed our corporate debt restructuring exercise and also entered into a strategic alliance with the world's largest office furniture company, Steelcase Inc. USA. This strategic alliance is in the form of a manufacturing joint venture as well as a distribution agreement.

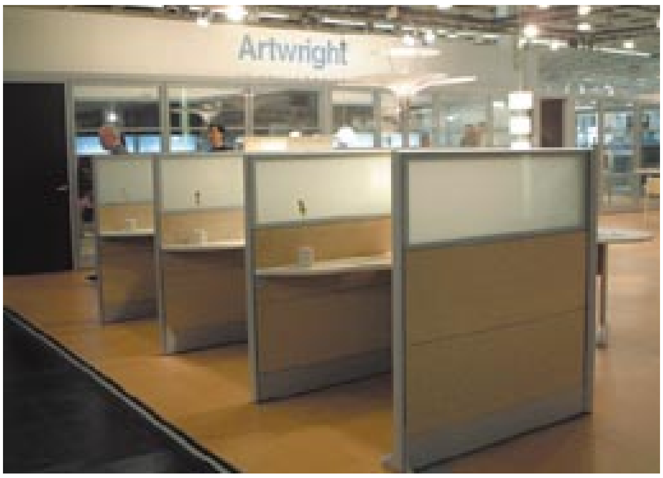
With the conclusion of both transactions, I am confident that Artwright is again on the growth path. Our people, particularly the management team, can now shift their focus back to our core competencies.

The completed restructuring has resulted in an improvement in Artwright's financial performance, and has considerably strengthened both our balance sheet and financial liquidity. In the process, Artwright has changed our business to one that focuses on research and development of office interior markets and products, and on trading of office interior products from a manufacturing base.

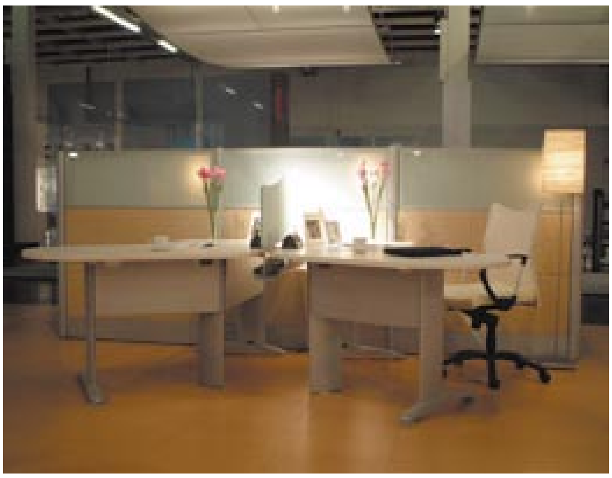
The strategic alliance with Steelcase Inc. brings to the Artwright Group the benefits of leveraging Steelcase's vast manufacturing experience, international know-how and purchasing leverage. By applying these benefits to the design, development and delivery of Artwright products to the market, we can become more competitive and efficient.

In addition, Steelcase's agreement to allow Artwright to distribute their products in Malaysia enhances our ability to offer and deliver to our customers more effective, productive and conducive work environments. The Steelcase product portfolio includes interior architectural products, furniture systems, technology products, seating, lighting, storage and related services.

Artwright experienced a good exposure at a leading international trade exhibition, Orgatec in Cologne Germany, 22 to 26 October 2002. Held every two years, Orgatec is known as the world largest and most important conference and exposition for furnishing and management of office facilities, exhibited by more than 1,000 international corporations showcasing the latest in office furniture product solutions for the design and management of interior environments



Pronto frame-and-tiles system



Smile desking system

In the next financial year, Artwright has on its new product planning an entry level frame-and-tiles system, Pronto and a Smile desking system. Designed to address requirements of new market segments, Artwright is confident of the positive impact to the sales performance resulting from these new product introductions.

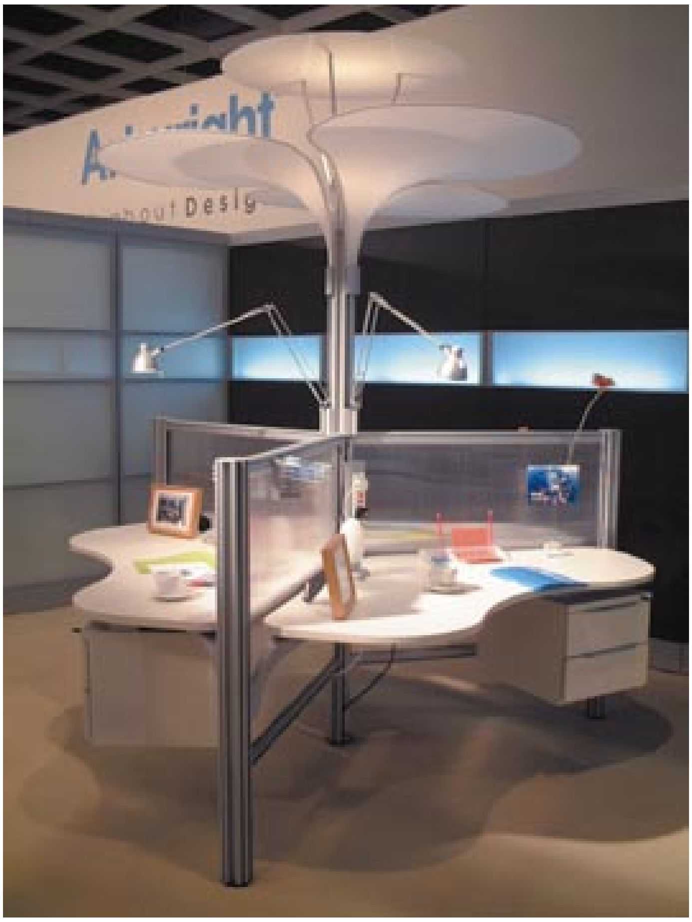
CHAIRMAN'S STATEMENT

Artwright achieved a Net Profit After Tax of RM18.5 million from a Net Loss After Tax of RM9.5 million in the previous financial year. Net Assets improved to RM21.3 million from a Net Liabilities of RM12.6 million, while Net Tangible Assets improved to RM16.0 million from Net Tangible Liabilities of RM18.3 million. The Profit Before Interest, Depreciation, Taxes and Amortisation (EBIDTA) has improved to RM26.5million from EBIDTA of RM2.0 million in the prior year.

Business Environment

Artwright's turnover has proven to be quite resilient although it has decreased to RM 32.6 million from RM39.2 million in the previous year. The poor local and global economic environment exacerbated by both the events after the World Trade Center terrorist attack and accounting scandals in the US has affected our marketplace. However, confidence is returning to our region's market for office interior products.

The global economic and industry outlook continues to be uncertain and difficult. However, Artwright benefits from being a niche player and now has the wherewithal to execute an effective niche growth strategy.



Artwright already distributes about 60% of our products through our international distribution network. We have a physical presence, with showrooms and dealers, in more than 25 countries worldwide. This distribution infrastructure will be further strengthened with new dealerships in select geographic locations.

Prospects and Challenges

Artwright's focus is on Brand Positioning and Research and Development. New and innovative products introduced during the financial year under review improved the resilience of our revenue. Our pipeline for new product introductions for the financial year ending June 2003 appears to be healthy.

Artwright's previous efforts on process effectiveness and efficiency included ISO 9002 certification, and SAP R/3 enterprise-wide implementation. With the completion of the restructuring, Artwright is now on track to implement our strategies that were sidelined since the 1997 Asian financial crisis. These strategies include the full exploitation of e-commerce and knowledge management. Artwright is committed to implement improvements in efficiency and competitiveness through superior business processes to serve an expanded market.

Continual improvements to supply chain management and customer relationship management will be attained through enhancements in Artwright's people, process and IT infrastructure.

Acknowledgements

On behalf of the Board, I would like to once again extend my unreserved appreciation to the management and staff of Artwright group of companies, for their continued hard work, commitment and dedication.

I take this opportunity to thank all our shareholders, bankers, advisors, business associates, customers and relevant government authorities for your invaluable support and confidence throughout the years.

Let me also place on record my gratitude and appreciation to my colleagues on the Board for their continuing generous contributions and support.

Mirzan Mahathir
Chairman

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EVENTS

MX *i* Launch in Manila, Philippines, November 21, 2001

More than 200 guests from the Manila design community and Artwright users in the Philippines had a great night out and witnessed the introduction of the MX ***i*** at the lobby of Enterprise Center, one of the most prestigious office buildings in Makati Manila. The Artwright Manila showroom is located at 23rd Floor, Tower 1, The Enterprise Centre.

SID November Interiors, Singapore, November 23 to 25, 2001

Artwright was one of the sponsors for the recent Singapore Society of Interior Designers (SID) November Interiors in Singapore. The 3-day event profiled guest speakers from the design community to share their professional experiences, views and expertise on various topics.

Our Chief Designer, Jackson Lau, was one of the guest speakers for November Interiors.

MX *i* Launch in Hong Kong, November 15, 2001

MX *i* in "Jetson"! Artwright had a cheerful design with exciting shades of colors and interesting "Jetson" cartoon prints on the MX *i* screens during its launch party in Hong Kong.

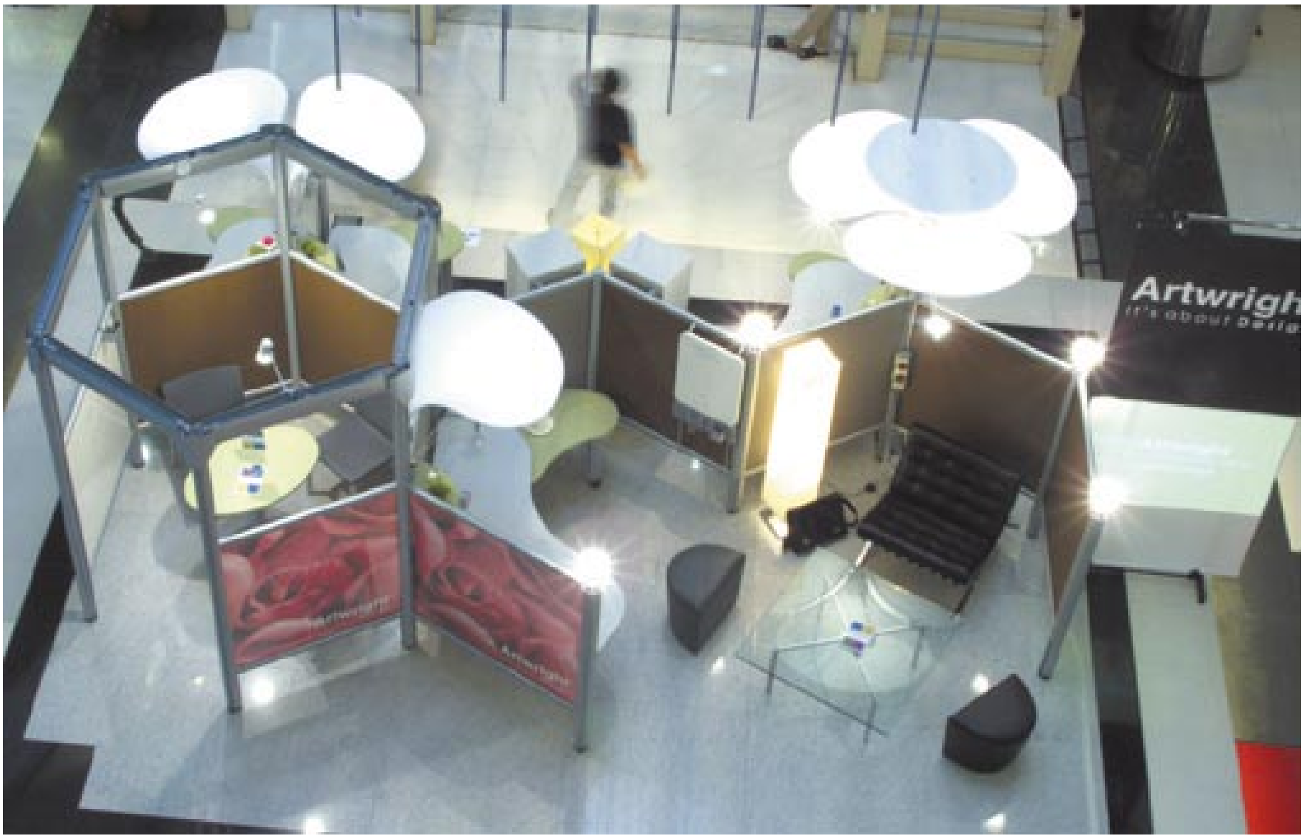
In Artwright, evolution must ensure integration. The MX *i* is therefore designed to be continuously integrated, forever learning and improving from the environment. There is no one magic formula - every organization and every work place is unique. Artwright assists our users to improve their work places.

EVENTS

Artwright International Dealers' Convention, January 21 to 26, 2002

Artwright had a successful First International Dealers' Convention 2002 on January 21 to 26, 2002. More than 40 participants from the Artwright Malaysia and international dealerships shared their time in various programs including product training, manufacturing plant tour, familiarisation to the specifications software, and fun times in social outings!

Malaysia International Furniture Fair (MIFF), March 5 to 9, 2002



EVENTS

Neocon World Trade Fair Chicago, June 2002

In Neocon Chicago, June 2002, Artwright displayed the state-of-the-art MX i system. In addition to providing lively, flexible and open communication work spaces, MX i is capable of integration with the MX V2 system furniture that incorporates full height system wall with door options.

Artwright Showroom Launch, Kuching Sarawak, 21 Sept, 2002

Casa Gamma, the Artwright dealer for East Malaysia, launched a new Artwright showroom in Kuching Sarawak. Guests from the Artwright users and interior design community appreciated the neat design and high specifications of Artwright.

Artwright won the MSID Gold Award 2002

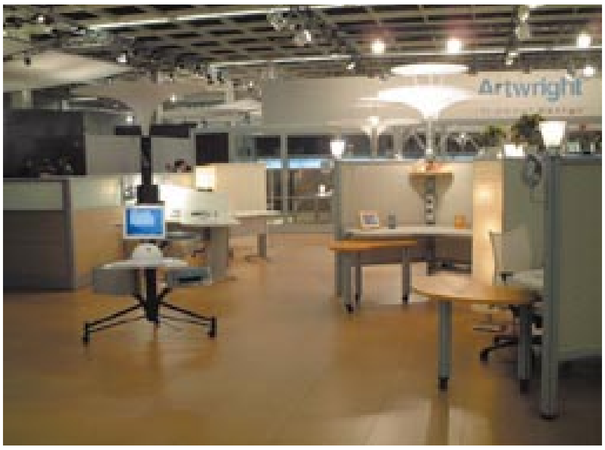
Artwright won the MSID (Malaysia Society of Interior Design) Gold Award 2002, with Phita Design Sdn Bhd, for an installation of MX V2 system in Navis Investment, Menara IMC, Kuala Lumpur.

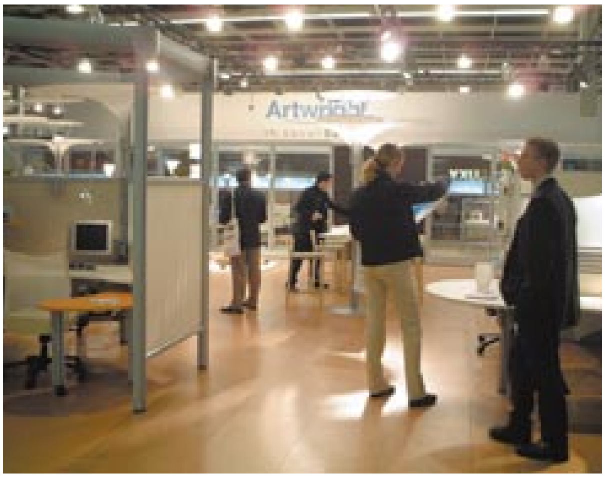
EVENTS

Artwright at Orgatec 2002, Cologne Germany, 22 to 26 Oct, 2002

Artwright had a successful showing in the world largest international trade fair for furnishing and management of offices and office facilities, ORGATEC in Cologne Germany, October 2002.

Occupying a booth space of approximately 3,000 sq ft, Artwright showcased its flagship products, MX V2 systems, V2 System Wall, MX i, and new products including Pronto frame-and-tiles system, Smile desking system and Bonn mesh chairs.





BOARD OF DIRECTORS

Mirzan Mahathir, aged 43, 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 intensive investment banking advice on mergers and acquisitions, privatisations and capital rising. 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 Nakamichi Corporation Berhad. He is also the President of the Container Hauliers Association of Malaysia, Chairman of Malaysian Youth Orchestra Foundation and President of the Asian Strategy and Leadership Institute.

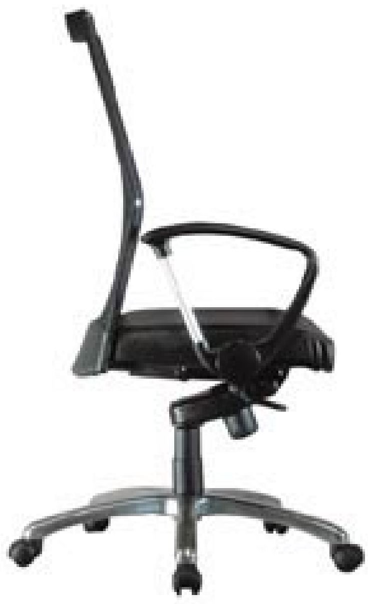
Yong Yoke Keong, aged 43, was appointed as Director of AHB on 3 May 1994 and is currently the Managing Director/Chief Executive Officer of the Group. He graduated from McGill University, Canada with a Bachelor of Engineering Degree majoring in Mechanical Engineering in 1982. He also obtained his Masters 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 sits in the committee of FMM International and Trade Promotion, and he is also the past Joint Chairman of Institut Perekabentuk Dalaman Malaysia Industry Partners (IPDM-ip).

Yong Chew Keat, aged 53, 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 45, was appointed as an independent Non-Executive Director 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 and Ajiya Berhad.

Hee Teck Ming, aged 43, was appointed as an independent Non-Executive Director and an audit committee member on 13 March 1996. He has several years of aluminium fabrication experience in the United Kingdom after his graduation in engineering in 1982. On his return to Malaysia, he was with United Technologies 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.

Dato' Ong Kim Hoay, aged 68, was appointed as an independent Non-Executive Director and Chairman of Audit Committee of AHB on 28 March 2002. He is an Associate Member of Chartered Accountants of Australia, Institute of Chartered Secretaries and Administrators of Australia, Member of Malaysian Institute of Accountants and Member of Malaysian Association of Certified Public Accountants. He held various senior positions including as a public accountant with Ernst & Young, General Manager and Director of Malayan Banking Berhad, Directors of Central Malaysian Finance Berhad, Kwong Yik Bank Berhad, Kwong Yik Finance Berhad and Mayban Finance (Singapore) Ltd. He also served as Chairman of the Rules Committee Association of Banks, Malaysia and as Council Member of the Association of Banks, Singapore. Currently, he is a Director of Amanah Capital Partners Berhad, Ann Joo Resources Berhad, Multivest Resources Berhad, Atlan Holdings Berhad, Amanah Short Deposits Berhad, Kimble Corporation Berhad, Sriwani Holdings Berhad and Chairman of Kemayan Corporation Berhad.



COMPOSITION

Dato' Ong Kim Hoay	-	Chairman, Independent Non-Executive Director
Hee Teck Ming	-	Member, Independent Non-Executive Director
Tan Seng Kee	-	Member, Non-Independent Non-Executive Director

TERMS OF REFERENCE

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

Membership
- The Committee shall be appointed by the Board of Directors from amongst the directors of the Company and shall consist of not less than three (3) members, a majority of whom shall be independent non-executive directors. A quorum requires the majority of members present to be independent non-executive directors.

- At least one member of the Committee must be a member of the Malaysian Institute of Accountants or similar qualification as prescribed in Part I or Part II of the First Schedule of the Accountants Act 1967.

- No alternate director is appointed as a member of the Committee.

- The members of the Committee shall elect a Chairman from among their members who shall be an independent non-executive director.

- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Review of the Audit Committee
The Board of Directors shall review the term of office and performance of the Committee and each of its members at lease once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Authority
- The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.

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

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

Functions and Duties
The functions of the Committee shall be amongst others:-

(1) to review the following and report the same to the Board of Directors:-

(a) with the external auditor, the audit plan and the nature and scope of the audit before commencement;
(b) with the external auditor, the evaluation of the system of internal controls;
(c) with the external auditor, the audit reports, management letters and management response;
(d) the assistance given by the Company's employees to the external auditor;
(e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
(f) The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

AUDIT COMMITTEE

(g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing on:-
  (i) changes in or implementation of major accounting policy changes;
  (ii) significant and unusual events; and
  (iii) compliance with accounting standards and other legal requirements;

(h) Any related party transactions and conflict of interest situation that may arise within the Company or Group.

(i) any letter of resignation from the external auditors;

(j) whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment; and

(2) to recommend the nomination of a person or persons as external auditors.

Meetings

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

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

(3) The Company Secretary shall be the Secretary of the Committee.

Reporting Procedures

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

Details of Attendance of Audit Committee Meetings

Four (4) Audit Committee meetings were held during the financial year of the Company. Details of attendance of each members are as follows:-

Audit Committee Members	No of meetings attended by members	Percentage of Attendance (%)
Dato' Ong Kim Hoay (appointed on 28.03.2002)	1/1	100
Tan Seng Kee	4/4	100
Hee Teck Ming	4/4	100
Yong Yoke Keong (resigned on 28.03.2002)	3/3	100

Summary of Activities

The Audit Committee, in discharging its functions and duties, carried out the following activities during the financial year:-

i. Reviewed the audit plans for the year;

ii. Reviewed the quarterly and annual financial statements of the company and the Group;

iii. Reviewed the audit reports, management letter and management response;

iv. Discussed on related party transactions and any conflict of interest situation that may arise within the Group;

v. Directed the outsourced internal auditor to carry out risk assessment of the Group and other internal audit activities which have just started and is ongoing.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Artwright Holdings Berhad ("AHB" or "Company") recognizes the importance of adopting high standards of corporate governance within the Group in performing its business.

The statement below set out how the Group has applied the principles and the extent of compliance with best practices of the Malaysian Code on Corporate Governance.

A. DIRECTORS

(i) The Board & Board Balance

The Board currently has six (6) members comprising two (2) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors. This composition complies with paragraph 15.02 of the KLSE Listing Requirements which requires at least 2 Directors or one-third of the Board to be independent directors.

The Board's composition represents a broad range of experience, skill and knowledge necessary to direct and supervise the Group's operations. The role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined. The Board is of the view that its current membership fairly reflects the investment of minority shareholders in the Company and represents the required mix of skills and experience required to discharge the Board's duties and responsibilities and there is no individual director or group of directors that can dominate the board's decision making.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure balance of power and authority. The Chairman is responsible for the effective running of the Board, whilst the Managing Director is responsible for the day-to-day management of the Group's operations and implementation of decisions of the Board.

The profile of each director is set out on page 9 of the Annual Report.

(ii) Board Meetings

The Board held four (4) meetings during the financial year. The Board reviewed the Group's business reports and deliberated on significant investments, strategic issues and business plans relating to the business operations of the Group.

Details of attendance of board meetings of each directors are set out on page 11 of the Annual Report.

(iii) Supply of information

All Directors are provided with board papers for each agenda item prior to each Board Meeting. The board papers are issued to the Board in advance to enable the Directors to obtain further explanations where necessary and that they are adequartely informed prior to the meeting. Minutes of the board meetings are maintained by the Company Secretary. The Directors have access to the advice and services of the Company Secretary and where considered necessary, independent professional advice are engaged, at the Company's expense, to provide expert advice need by the Board.

(iv) Appointments to the Board

The Nominating Committee ("NC") established on 17 May 2001 currently comprise of the following members:-

(a) Dato' Ong Kim Hoay (Chairman, Independent Non-Executive Director)
(b) Hee Teck Ming (Member, Independent Non-Executive Director)
(c) Tan Seng Kee (Member, Non-Independent Non-Executive Director)

The NC is entrusted under its Terms of Reference to assist the Board, amongst others, in the following functions:-

I. Proposing new nominees for appointment to the board.

II. Assessing directors on an on-going basis, the effectiveness of the board and the contribution of each individual director.

III. Recommend to the board, directors to fill the seats on other board committees.

IV. Review annually the mix of skills and experience and other qualities of the board members.

V. Orientating and educating new directors as to the nature of the business, current issues within the company and the corporate strategies, the expectations of the company concerning input from the directors and the general responsibilities of directors.

The decision as to who should be appointed to the Board should be the responsibility of the full board.

The NC met once during the financial year.

(v) **Re-election**
In accordance with the provisions of the Articles of Association of the Company, one third of the Directors for the time being or if their number is not three or multiple of three, then the number nearest one third shall retire from office at each Annual General Meeting and shall be eligible for re-election.

(vi) **Directors' Training**
All the Directors have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia, an affiliate of the KLSE.

B. DIRECTORS' REMUNERATION

(i) **Level and Make-up of Remuneration**
The RC shall ensure that the levels of remuneration is sufficient to attract and retain directors of the quality required to run the business of the Group.

(ii) **Procedure**
The Remuneration Committee ("RC") established on 17 May 2001 currently comprise of the following members:-
(a) Dato' Ong Kim Hoay (Chairman, Independent Non-Executive Director)
(b) Hee Teck Ming (Member, Independent Non-Executive Director)
(c) Tan Seng Kee (Member, Non-Independent Non-Executive Director)
The RC is entrusted under its Terms of Reference to assist the Board, amongst others, to recommend to the board the remuneration packages of the executive directors in all its forms, drawing from outside advice as necessary.

(iii) **Disclosure**
During the financial year, the aggregate remuneration of Directors are as follows:-

Renumeration	**Executive Directors (RM)**	**Non-Executive Directors (RM)**	**Total (RM)**
Fees	24,000	39,000	63,000
Salaries and other emoluments	450,240	26,880	477,120
Bonus			
Benefits-in-kind			
Technical fee paid to a director			
Total	474,240	65,880	540,120

The number of Directors whose remuneration during the financial year ended 30 June 2002 falls within the following bands is as follows:-

Range of Renumeration (RM)	**Executive**	**Non-Executive**
50,001-100,000	-	4
100,001-150,000	-	-
150,001-200,000	1	-
200,001-300,000	1	-
Total	2	4

C. SHAREHOLDERS

(i) **Dialogue between Companies and Investors**
The Board always ensure that the shareholders and other institutional investors are well informed of the business performance and direction of the Company and the information is communicated through announcements of the Group's quarterly results, circular to shareholders and the Annual Reports.

(ii) **Annual General Meeting**
The Board values dialogue with institutional investors and shareholders during AGM of the Company. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least twenty-one (21) days before the meeting. There is an open question and answer session in which shareholders are encouraged to raise questions and provide feedback. The Board members present are available to respond to queries raised by the shareholders.

Each item of special business included in the notice of general meeting is accompanied by an explanatory statement to facilitate better understanding of the issues involved.

D. ACCOUNTABILITY AND AUDIT

(i) **Financial reporting**

The Directors are responsible are responsible to ensure that the financial statements prepared are drawn up in accordance with the provision of the Companies Acts, 1965; and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates.

(ii) **Statement of Internal Control**

The Board of Directors is ultimately responsible for the overall systems of internal Control, which also included the review of its effectiveness. This is vital to ensure that they are consistent with the overall Company's objectives. Because of the limitations that are inherent in any system of internal control, such systems are designed to mitigate rather than eliminate risks.

Accordingly these systems can provide only reasonable and not absolute assurance aginst material misstatement or loss.

a) **Control Environment**

The internal control mechanism is embedded in the various work processes and procedure at appropriate levels in the Company. The Managing Director is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Company controls, its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism.

b) **Information and Communication**

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has had the right to information and clarification from Management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of the Company.

c) **Risk Management**

Apart from the above, the Company has implemented a formalized risk management system to ensure that all high impact risks are assessed and managed at various levels within the Company and its Group.

(iii) **Relationship with Auditors**

The external auditors were invited to brief the Audit Committee on specific issues that require their attention. The Board maintains a transparent relationship with the external auditors and seeks their advice in ensuing due compliance with the approved accounting standards.

E. OTHER INFORMATION

(i) **Sanctions and/or penalties imposed**

There were no sanction and/or penalty being imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

(ii) **Material contract involving directors and major shareholders**

During the financial year under review, the Company did not enter into any material contracts involving directors' and major shareholders' interest.

(iii) **Non-audit Fees paid to external auditors**

Non-audit fees paid to external Auditors amounted to RM 250,000 for the financial year ended 30 June 2002.

F. STATEMENT ON THE EXTENT OF COMPLIANCE WITH BEST PRACTICES

The Board is of the opinion that the Group has addressed and is in compliance with the Best Practices recommended in Part 2 of the Code on Corporate Governance except for the following:-

1. There is no formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally other than during annual general meeting.

2. The Company does not at present have a formal program for the orientation of newly appointed directors. The Board considers that the activities of the Group are not so complex as to warrant a formal program.

financial statements

DIRECTOR'S REPORT

The directors of **ARTWRIGHT HOLDINGS BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended June 30, 2002.

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 13 to the Financial Statements.

During the current financial year, the Group ceased to manufacture drafting equipment, office furniture and specialised computer furniture following the completion and implementation of its financial regularisation plan as mentioned below.

Other than as mentioned above, there have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

SIGNIFICANT EVENTS
During the current financial year, the Group and the Company fully implemented its financial regularisation plan relating to the strategic alliance with Steelcase Inc. ("Steelcase"), a company incorporated in the United States of America and debt restructuring scheme as announced by the Company on June 5, 2001 and August 17, 2001 respectively.

As part of the abovementioned strategic alliance and the debt restructuring scheme, the following significant events occurred during the current financial year:

(a) On January 31, 2002, the Group fulfilled all conditions precedent to the Assets Sale and Purchase Agreement dated May 31, 2001 signed between Artwright Technology Sdn Bhd and Artwright Manufacturing Sdn. Bhd. and Steelcase Artwright Manufacturing Sdn Bhd ("SAM") (formerly known as Rengard Industries Sdn. Bhd.), for the disposal of the Group's manufacturing assets and a piece of land with buildings thereon belonging to the Group for a cash consideration of USD17,500,000 (equivalent to RM66,500,000).

(b) Pursuant to the Supplementary Debt Restructuring Agreement (SDRA) dated August 17, 2001 signed between the Company and four of its subsidiary companies, namely Artwright Technology Sdn. Bhd., Artwright Manufacturing Sdn. Bhd., Artwright Marketing Sdn Bhd and Artwright Industries Sdn Bhd, with certain financial institutions and non-financial institutions, the following were completed:

(i) On February 8, 2002, the Group utilised RM58,000,000 of the total proceeds received in (a) above to make the following settlements:

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

- 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 instalments and all other charges accrued and accruing up to June 30, 1999; and

- 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 totalling RM29,089,910;

(ii) On March 6, 2002, the Company issued RM14,410,000 nominal value of 5-year 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 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;

(iii) On March 18, 2002, 1,908,994 new ordinary shares of RM1 each were issued by the Company at an issue price of RM1.89 per ordinary share to the secured and unsecured creditors as settlement of the interest on the capitalised secured and unsecured debts totalling RM3,608,000 for the period from September 1, 1999 to September 30, 2000;

(iv) The terming out of the balance of unsecured debts totalling RM6,839,500 over twelve (12) equal quarterly instalments of RM569,958 commencing two (2) years after the date of the completion of (a) above; and

(v) Waiver of interest chargeable on secured and unsecured debts owing to the secured and unsecured creditors on or after October 1, 2000, resulting in the write-back of finance costs during the current financial year amounting to RM7,822,751.

DIRECTOR'S REPORT

(c) On February 8, 2002, the following were completed:

(i) The Company entered into a Share Subscription Agreement with Steelcase for the simultaneous subscription of shares in SAM in the proportion of 75% and 25% of the enlarged share capital of SAM for Steelcase and the Company respectively; and

(ii) The Company obtained a term loan amounting to RM16,625,000 from Steelcase for the purpose of the subscription of shares in SAM as mentioned in (c)(i) above. This term loan bears interest at 6.375% per annum and is secured by the Company's shares in SAM.

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit/(Loss) before tax	18,504,714	(829,494)
Income tax expense	(3,703)	1,297
Profit/(Loss) after tax	18,501,011	(828,197)
Minority interests	(32,866)	-
Net profit/(loss) for the year	18,468,145	(828,197)

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, other than the aforementioned completion and implementation of the financial regularisation plan.

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 19,970,000 ordinary shares of RM1 each to 23,236,254 ordinary shares of RM1 each through the following:

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

(ii) the conversion of RM2,904,538 nominal value of 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 into 1,357,260 new ordinary shares of RM1 each at a conversion price of RM2.14 per share.

The resulting share premium from the above issuance of shares and conversion of ICULS amounting to RM3,246,282 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company except that these shares are not entitled to any dividends, rights, allotments and/or distributions prior to the allotment of the new shares.

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

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.

EMPLOYEES SHARE OPTION SCHEME

Pursuant to the Company's Employees Share Option Scheme (ESOS) which became effective on June 10, 2002 and shall expire on June 9, 2007, the granting and exercise of options to subscribe up to ten per centum (10%) of the issued and paid-up share capital of the Company are made available to eligible directors and employees of the Group.

The salient features of the ESOS are as follows:

(i) eligible employees are those who have been confirmed in writing as employees of the Group at the date of the offer and be at least eighteen (18) years of age on the date of offer;

(ii) the option is personal to the grantee and is non-assignable;

(iii) the option price shall be determined by the Board upon the recommendation of the ESOS Committee which may be at a discount of not more than ten per centum (10%) to the weighted average market price of the shares of the Company for the five (5) market days immediately preceding the date of the offer or the par value of the shares of the Company, whichever is higher;

(iv) the options granted may be exercised at anytime within a period of five (5) years from the date of offer; and

(v) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of one thousand (1,000) option shares.

The movements in the options to take up unissued ordinary shares of RM1 each are as follows:

Exercise Price	Date Granted	Balance at 1.7.2001	Granted	Exercised	Lapsed	Balance at 30.6.2002
RM1.25	10.6.2002	-	1,825,000	-	-	1,825,000

OTHER FINANCIAL INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

DIRECTOR'S REPORT

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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

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

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year other than as disclosed in Note 34 to the Financial Statements.

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

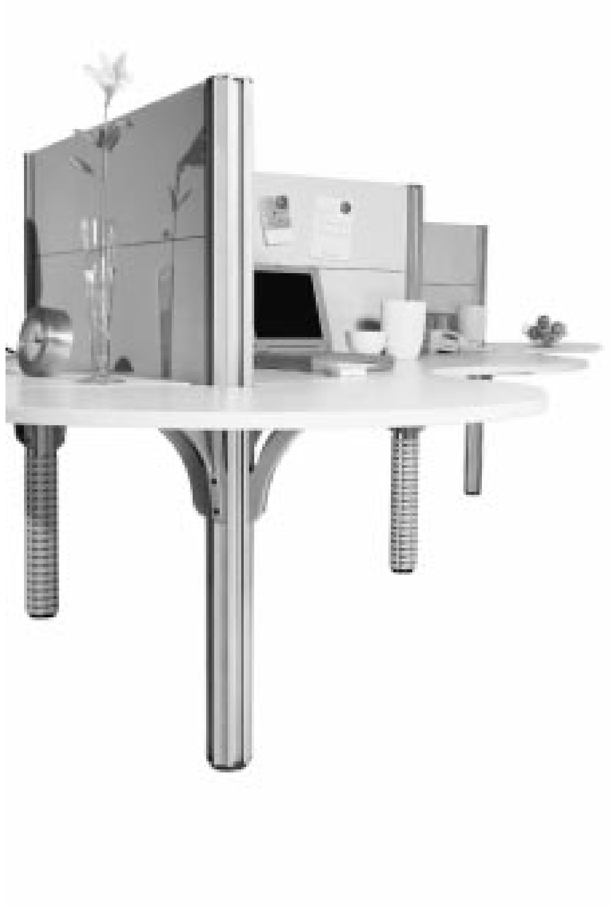
In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding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

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:
Yong Yoke Keong
Yong Chew Keat
Mirzan bin Mahathir
Tan Seng Kee
Hee Teck Ming
Ong Kim Hoay (appointed on 28.3.2002)

In accordance with Article 85 of the Company's Articles of Association, Mr Yong Yoke Keong, Mr Tan Seng Kee and Mr Hee Teck Ming retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Mr. Ong Kim Hoay who was appointed to the Board since the last Annual General Meeting retires in accordance with Article 92 of the Company's Articles of Association and being eligible, offers himself for re-election.



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			
Shares in the Company	**Balance at 1.7.2001**	**Bought**	**Sold**	**Balance at 30.6.2002**
Registered in name of Director				
Direct interest				
Yong Yoke Keong	6,787,846	-	-	6,787,846
Yong Chew Keat	1,923,180	2,000	-	1,925,180
Tan Seng Kee	8,000	-	-	8,000
Hee Teck Ming	1,000	-	-	1,000
Indirect Interest				
Mirzan bin Mahathir	2,196,480	-	-	2,196,480

In addition to the above, the following directors are deemed to have interest in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company implemented on June 10, 2002:

	Number of options over ordinary shares of RM1 each			
	Balance at 1.7.2001	**Granted**	**Exercised**	**Balance at 30.6.2002**
Yong Yoke Keong	-	218,000	-	218,000
Yong Chew Keat	-	218,000	-	218,000
Mirzan bin Mahathir	-	170,000	-	170,000

By virtue of their direct and indirect shareholdings in the Company, the directors are deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors holding office at the end of the financial year had any interest or beneficial interest in the shares of the Company or its related companies during the financial year.

DIRECTOR'S 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 the benefit included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for professional fees amounting to RM46,901 payable to a firm in which one of the Company's directors is also a member and any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company were also directors and/or had substantial financial interests as disclosed in Note 20 to the Financial Statements.

Except for the share options granted under the ESOS, neither during nor at the end of the financial year, was the Company a party to any arrangement with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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

YONG YOKE KEONG

YONG CHEW KEAT

Kuala Lumpur,
October 16, 2002

REPORT OF THE AUDITORS TO THE MEMBERS OF ARTWRIGHT HOLDINGS BERHAD

We have audited the accompanying balance sheets as of June 30, 2002 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, 2002 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and

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

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

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

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

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

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

October 16, 2002

INCOME STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

		The Group		The Company	
		2002	**2001**	**2002**	**2001**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	4	32,689,918	39,214,342	-	-
Other operating income	5	48,486,027	1,186,927	-	-
Purchase of trading merchandise		(9,361,111)	(1,253,998)	-	-
Changes in inventories of finished goods and work-in-progress		(4,594,582)	(2,334,811)	-	-
Raw materials and consumables used		(7,012,729)	(18,650,334)	-	-
Directors' remuneration	6	(643,105)	(566,215)	(63,000)	(60,000)
Staff costs		(6,336,965)	(9,201,050)	-	-
Depreciation of property, plant and equipment		(1,759,542)	(4,318,448)	-	-
Amortisation of intangible assets		(609,546)	(495,802)	-	-
Amortisation of goodwill		(209,096)	(209,096)	-	-
Other operating expenses	5	(26,740,022)	(6,416,832)	(354,171)	(132,473)
Profit/(Loss) from operations		23,909,247	(3,045,317)	(417,171)	(192,473)
Finance costs	7	(4,967,546)	(6,468,110)	(412,323)	-
Income from other investments	8	5,907	-	-	-
Share of loss of associated company		(442,894)	-	-	-
Profit/(Loss) before tax		18,504,714	(9,513,427)	(829,494)	(192,473)
Income tax expense	9	(3,703)	-	1,297	-
Profit/(Loss) after tax		18,501,011	(9,513,427)	(828,197)	(192,473)
Minority interests		(32,866)	(12,646)	-	-
Net profit/(loss) for the year		18,468,145	(9,526,073)	(828,197)	(192,473)
Earnings/(Loss) per ordinary share (sen)					
Basic	10	89	(48)		
Fully diluted	10	84	N/A		

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

BALANCE SHEETS

AS OF JUNE 30, 2002

		The Group		The Company	
		2002	2001	2002	2001
		RM	RM	RM	RM
	Note(s)				
ASSETS					
Property, plant and equipment	11	6,224,977	38,088,026	-	-
Goodwill on consolidation	12	3,348,746	3,557,842	-	-
Investment in subsidiary companies	13	-	-	35,695,922	18,695,922
Investment in associated company	14	16,182,106	-	16,625,000	-
Other investments	15	28,000	53,000	-	-
Intangible assets	16	2,001,139	2,099,044	-	-
Current Assets					
Inventories	17	4,372,611	12,367,200	-	-
Trade receivables	18&20	12,780,557	25,994,277	-	-
Other receivables and prepaid expenses	19&20	4,296,610	2,563,797	32,081	734,068
Amount owing by		-	-	10,834,872	12,243,277
subsidiary companies	20	7,949,323	1,624,092	277,307	61,088
Fixed deposits, cash and bank balances	21	29,399,101	42,549,366	11,144,260	13,038,433
Current Liabilities					
Trade payables	20	3,957,454	7,555,655	-	-
Other payables and accrued expenses	20&22	4,930,900	12,925,703	360,304	6,917
Amount owing to subsidiary companies	20	-	-	513,768	498,371
Amount owing to associated company	20	2,987,038	-	-	-
Amount owing to directors	23	243,002	180,002	243,002	180,002
Bank borrowings	24	1,017	49,593,119	-	-
Hire-purchase payables - current portion	25	103,728	7,954,637	-	-
Lease payables - current portion	26	-	1,436,902	-	-
Long-term loans - current portion	27	-	10,263,082	-	-
Tax liabilities		1,000	1,297	-	1,297
		12,224,139	89,910,397	1,117,074	686,587

(Forward)

BALANCE SHEETS

AS OF JUNE 30, 2002

	Note(s)	The Group		The Company	
		2002	2001	2002	2001
		RM	RM	RM	RM
Net Current Assets/ (Liabilities)		17,174,962	(47,361,031)	10,027,186	12,351,846
Long-Term and Deferred Liabilities					
Hire-purchase payables - non-current portion	25	(80,261)	(1,988,614)	-	-
Long-term loans - non-current portion	27	(23,464,500)	(7,041,646)	(16,625,000)	-
Deferred tax liabilities	28	(4,000)	-	-	-
		(23,548,761)	(9,030,260)	(16,625,000)	-
Minority interests		(80,725)	(47,859)	-	-
Net Assets/(Liabilities)		21,330,444	(12,641,238)	45,723,108	31,047,768
Represented by:					
Issued capital	29	23,236,254	19,970,000	23,236,254	19,970,000
Reserves	30	(13,411,272)	(32,611,238)	10,981,392	11,077,768
Irredeemable Convertible Unsecured Loan Stocks	31	11,505,462	-	11,505,462	-
Shareholders' Equity/ (Capital Deficiency)		21,330,444	(12,641,238)	45,723,108	31,047,768

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2002

The Group

	Note	Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non - Distributable Reserve Share Premium RM	Accumulated Loss RM	Total RM
Balance as of July 1, 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)
Net profit for the year		-	-	-	18,468,145	18,468,145
Issue of shares:						
Debt to equity conversion	29	1,908,994	-	1,699,004	-	3,607,998
Conversion of ICULS	29	1,357,260	-	1,547,278	-	2,904,538
Share issue expenses		-	-	(2,313,352)	-	(2,313,352)
Issue of ICULS	31	-	11,505,462	-	-	11,505,462
Interest on ICULS		-	-	-	(201,109)	(201,109)
Balance as of June 30, 2002		23,236,254	11,505,462	11,868,292	(25,279,564)	21,330,444

The Company

	Note	Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non - Distributable Reserve Share Premium RM	Unappropriated Profit / (Accumulated Loss) RM	Total RM
Balance as of July 1, 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
Net profit for the year		-	-	-	(828,197)	(828,197)
Issue of shares:						
Debt to equity conversion	29	1,908,994	-	1,699,004	-	3,607,998
Conversion of ICULS	29	1,357,260	-	1,547,278	-	2,904,538
Share issue expenses		-	-	(2,313,352)	-	(2,313,352)
Issue of ICULS	31	-	11,505,462	-	-	11,505,462
Interest on ICULS		-	-	-	(201,109)	(201,109)
Balance as of June 30, 2002		23,236,254	11,505,462	11,868,292	(886,900)	45,723,108

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	18,504,714	(9,513,427)	(829,494)	(192,473)
Adjustments for:				
Bad debts written off	12,386,404	16,392	-	-
Finance costs	4,967,546	6,468,110	412,323	-
Inventories written off	2,275,031	-	-	-
Allowance for inventory obsolescence	2,211,602	-	-	-
Depreciation of property, plant and equipment	1,759,542	4,318,448	-	-
Allowance for doubtful debts	710,035	700,830	-	-
Property, plant and equipment written off	973,595	208,348	-	-
Amortisation of intangible assets	609,546	495,802	-	-
Amortisation of goodwill	209,096	209,096	-	-
Intangible assets written off	81,751	-	-	-
Share of loss of associated company	442,894	-	-	-
Allowance for diminution in value in other investments	25,000	-	-	-
Interest income	(5,907)	-	-	-
Accured charges on late payment of Employees Provident Fund no longer required	(161,739)	-	-	-
Waiver of finance costs	(7,822,751)	-	-	-
Gain on disposal of property, plant and equipment	(37,153,069)	(852,045)	-	-
Expenditure carried forward written off	-	265,209	-	-
Allowance for doubtful debts no longer required	-	(103,690)	-	-
Operating Profit/(Loss) Before Working Capital Changes	13,290	2,213,073	(417,171)	(192,473)

(Forward)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
(Increase)/Decrease in:				
Inventories	3,507,956	2,503,550	-	-
Trade receivables	532,960	(890,856)	-	-
Other receivables and prepaid expenses	(1,495,812)	220,360	683,655	(406,233)
Amount owing by subsidiary companies	-	-	113,051	488,997
Increase/(Decrease) in:				
Trade payables	(3,598,201)	(1,920,561)	-	-
Other payables and accrued expenses	(565,721)	(1,398,380)	(1,531)	(60,002)
Amount owing to subsidiary companies	-	-	15,397	63,624
Amount owing to associated company	2,987,038	-	-	-
Amount owing to director	63,000	120,002	63,000	120,002
Cash Generated From Operations	1,444,510	847,188	456,401	13,915
Additions to intangible assets	(593,392)	(568,729)	-	-
Income tax paid	-	(54,010)	-	(50,413)
Income tax refunded	18,332	-	18,332	-
Interest income	5,907	-	-	-
Payment of restructuring expenses	(2,313,352)	-	-	-
Net Cash From/(Used In) Operating Activities	(1,437,995)	224,449	474,733	(36,498)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	66,655,500	1,967,200	-	-
Purchase of property, plant and equipment	(372,519)	(353,805)	-	-
Real property gains tax paid	-	(22,460)	-	-
Net Cash From Investing Activities	66,282,981	1,590,935	-	-

(Forward)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

		The Group		The Company	
	Note	2002 RM	2001 RM	2002 RM	2001 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term loans		(8,073,168)	(870,918)	-	-
Finance costs paid		(331,158)	(540,505)	(258,514)	-
Proceeds/(Repayment) of bank borrowings		(29,450,642)	(1,094,708	-	-
Repayment of hire-purchase payables		(9,759,262)	(390,891)	-	-
Repayment of lease payables		(1,436,902)	(261,750)	-	-
Net Cash Used In Financing Activities		(49,051,132)	(969,356)	(258,514)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,793,854	846,028	216,219	(36,498)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(7,845,548)	(8,691,576)	61,088	97,586
CASH AND CASH EQUIVALENTS AT END OF YEAR	32	7,948,306	(7,845,548)	277,307	61,088

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

NOTES TO THE FINANCIAL STATEMENTS

1. **GENERAL INFORMATION**

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 13.

During the current financial year, the Group ceased to manufacture drafting equipment, office furniture and specialised computer furniture following the completion and implementation of its financial regularisation plan as mentioned in Note 37.

Other than as mentioned above, there have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

The total number of employees of the Group and of the Company as at year end were 89 (2001 : 306) and Nil (2001 : 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.

2. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on October 16, 2002.

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.

The Group and the Company has opted for early adoption of the accounting standard MASB 24 - Financial Instruments : Disclosure and Presentation, in preparation of the financial statements for the current financial year.

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.

Revenue

Revenue of the Group represents gross invoiced value of goods sold 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 services are rendered.

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.

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 deferred tax assets, the tax effects are recognised generally upon actual realisation.

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

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

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

Warehouse, building and renovations	2% - 10%
Plant and machinery	10%
Tools, equipment and moulds	10%
Office and computer equipment, furniture and fittings and air-conditioners	10% - 20%
Motor vehicles	20%

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

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

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Basis of Consolidation
Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The consolidated financial statements incorporate the audited financial statements of the Company and all its subsidiary companies controlled by the Company as disclosed in Note 13 made up to June 30, 2002.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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

All significant intercompany transactions and balances are eliminated on consolidation.

Goodwill on Consolidation
Goodwill arising on consolidation which represents the excess of the Company's cost of investment over the fair values of the identifiable net assets acquired of the subsidiary companies at the date of acquisition, is amortised over twenty five years. When an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

Investment in Subsidiary Companies
Investment in unquoted shares of the subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements. When there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investment in Associated Company
An associated company is a non-subsidiary company in which the Group holds not less than 20% of the equity voting rights as long-term investment and in which the Group is in a position to exercise significant influence in its management.

Investment in associated company is stated at cost in the Company's financial statements. The Group's investment in associated company is accounted for under the equity method of accounting based on the management financial statements of the associated company made up to June 30, 2002. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. The carrying amount of such investment is reduced to recognise any decline, other than a temporary decline, in the value of the investment.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

Other Investments
Other investments in quoted and unquoted shares are stated at cost, less impairment in the value of the investments to recognise any decline, other than a temporary decline in the value of the investments.

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

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

ii. Research and development costs
   Research and development costs, which represents the cost of designing new or substantially improved products with commercial viability and for which there is a clear indication of the marketability of the products being developed, are capitalised and carried forward. Such costs are amortised over a period of 5 years in which benefits are expected to be derived commencing from the period in which the related sales are first made. Where projects are aborted or proven to be unsuccessful, the related costs are charged immediately to the income statements.

   The recoverable amount of research and development costs is assessed on a regular basis, including when there is an indication that the asset has been impaired or that the impairment losses recognised in previous years no longer exist.

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

   In 2001, the preliminary and pre-operating expenses were written off to the income statements in accordance with 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 incurred.

Inventories
Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average method for trading merchandise and standard cost which approximates actual cost for raw materials. The cost of trading merchandise and raw materials comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location. 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
Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions
Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

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 risks of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE

Analysis of revenue is as follows:

	The Group	
	2002	**2001**
	RM	**RM**
Manufacturing and trading of drafting equipment, office furniture and specialised computer furniture	32,689,918	39,214,342

5. OTHER OPERATING INCOME/(EXPENSES)

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

	The Group		The Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Gain on disposal of manufacturing assets, land and building to Steelcase Artwright Manufacturing Sdn. Bhd.	37,041,303	-	-	-
Waiver of finance costs upon completion of debt restructuring scheme	7,822,751	-	-	-
Accrued charges on late payment of Employees Provident Fund no longer required	161,739	-	-	-
Gain on disposal of other property, plant and equipment	111,766	852,045	-	-
Realised gain on foreign exchange	39,892	71,459	-	-
Allowance for doubtful debts no longer required	-	103,690	-	-
Bad debts written off	(12,386,404)	(16,392)	-	-
Inventories written off	(2,275,031)	-	-	-
Allowance for inventory obsolescence	(2,211,602)	-	-	-
Allowance for doubtful debts	(710,035)	(700,830)	-	-
Property, plant and equipment written off	(973,595)	(208,348)	-	-
Intangible assets written off	(81,751)	-	-	-
Rental of premises	(56,600)	(58,400)	-	-
Hire of plant, equipment and machinery	(23,133)	(30,000)	-	-
Professional fee payable to a firm in which a director is also a member	(46,901)	(9,728)	-	-
Audit fee	(46,400)	(46,400)	(5,300)	(5,300)
Allowance for diminution in value in other investments	(25,000)	-	-	-
Expenditure carried forward written off	-	(265,209)	-	-
Realised loss on foreign exchange	-	(77)	-	-

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Company's directors				
Executive directors:				
Fees	24,000	24,000	24,000	24,000
Other emoluments	450,240	389,760	-	-
	474,240	413,760	24,000	24,000
Non-executive directors:				
Fees	39,000	36,000	39,000	36,000
Other emoluments	26,880	26,880	-	-
	65,880	62,880	39,000	36,000
Subsidiary companies' directors				
Executive directors:				
Fees	-	-	-	-
Other emoluments	102,985	89,575	-	-
	102,985	89,575	-	-
Non-executive directors:				
Fees	-	-	-	-
Other emoluments	-	-	-	-
	-	-	-	-
	643,105	566,215	63,000	60,000

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to approximately RM28,150 (2001 : RM45,950).

7. FINANCE COSTS

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Interest on:				
Long-term loans	1,780,569	1,830,071	412,323	-
Short-term loans	149,814	241,158	-	-
Revolving credits	937,282	1,496,095	-	-
Bankers' acceptances	582,011	959,126	-	-
Hire-purchase	701,432	940,018	-	-
Bank overdrafts	483,118	786,136	-	-
Finance lease	307,772	108,718	-	-
Trust receipts	25,381	97,553	-	-
Others	167	9,235	-	-
	4,967,546	6,468,110	412,323	-

8. INCOME FROM OTHER INVESTMENTS

	The Group	
	2002 RM	2001 RM
Interest income on fixed deposits with a licensed bank	5,907	-

9. INCOME TAX EXPENSE

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current estimated tax payable	1,000	-	-	-
Overprovision in prior years	(1,297)	-	(1,297)	-
Deferred tax (Note 28)	4,000	-	-	-
	3,703	-	(1,297)	-

Although the Group made a profit in 2002, no provision for taxation has been made due mainly to capital gains which are not taxable for income tax purposes and the utilisation of unutilised tax losses and unabsorbed capital allowances by a subsidiary company amounting to RM48,028,000 to offset in full the taxable income for the current financial year. The tax saving from the utilisation of unutilised tax losses of that subsidiary company during the current financial year amounted to RM9,018,000.

No provision for taxation has been made for the Group in 2001 as the Group incurred an operating loss.

No provision for taxation has been made for the Company in 2002 and 2001 as 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, 2002, 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 which when utilised will enable the said subsidiary company to distribute tax-exempt dividends to the shareholders. As of June 30, 2002, the cumulative reinvestment allowances claimed by the said subsidiary company totalled RM15,893,000 (2001 : RM15,893,000), which is still subject to agreement by the Inland Revenue Board, of which an amount of RM2,909,000 has been utilised to offset against business income in prior years. The balance of unutilised reinvestment allowances amounting to RM12,984,000 (2001 : RM12,984,000) is available for offset against future taxable income of the said subsidiary company.

As mentioned in Note 3, the tax effects of timing differences which would give rise to net deferred tax assets are recognised generally upon actual realisation. As of June 30, 2002, the estimated amount of net deferred tax assets, calculated at current tax rate, which has not been recognised in the financial statements is as follows:

	Deferred Assets/(Liabilities)			
	The Group		**The Company**	
	2002 RM	**2001 RM**	**2002 RM**	**2001 RM**
Tax effects of timing differences in respect of:				
Excess of tax capital allowances over book depreciation of property, plant and equipment	(904,000)	(925,000)	-	-
Excess of tax deductions for lease payments over book depreciation of property, plant and equipment under leases	-	(286,000)	-	-
Unutilised tax losses	15,008,000	16,689,000	253,000	54,000
Unabsorbed capital allowances	52,000	4,444,000	-	-
Unutilised reinvestment allowances	3,635,000	3,635,000	-	-
Others	217,000	(418,000)	-	-
	18,008,000	23,139,000	253,000	54,000

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

10. EARNINGS/(LOSS) PER ORDINARY SHARE

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

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

	The Group	
	2002 RM	**2001 RM**
Net profit/(loss) for the year	18,468,145	(9,526,073)
Number of ordinary shares at beginning of year	19,970,000	19,970,000
Effect of ordinary shares issued pursuant to:		
Debt to equity conversion	606,694	-
Conversion of 5.5% ICULS 2002/2007	115,274	-
Weighted average number of ordinary shares in issue	20,691,968	19,970,000
Basic earnings/(loss) per ordinary share (sen)	89	(48)

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

The Company has two categories of dilutive potential ordinary shares as follows:

i. Employees Share Option Scheme (ESOS); and
ii. 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007

	The Group
	2002
	RM
Net profit for the year	18,468,145
Adjusted for interest savings on 5.5% ICULS 2002/2007	201,109
Adjusted net profit for the year	18,669,254
Weighted average number of ordinary shares in issue	20,691,968
Adjusted for:	
ESOS	19,355
5.5% ICULS 2002/2007	1,531,901
Adjusted weighted average number of ordinary shares in issue and issuable	22,243,224
Fully diluted earnings per ordinary share (sen)	84

The adjusted net profit of the Group has been arrived at after adding back interest on nominal amount of RM11,505,462 5.5% ICULS 2002/2007 deemed to be fully converted on the first day of the issue of the ICULS. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that all 5.5% ICULS 2002/2007 are converted to ordinary shares and dilutive share options are exercised at inception date.

11 PROPERTY, PLANT AND EQUIPMENT

The Group	Balance at beginning of year RM	Additions RM	Disposals RM	Written off RM	Reclassifi-cations RM	Balance at end of year RM
Cost						
Freehold land	5,924,403	-	(5,511,903)	-	-	412,500
Warehouse, building and renovations	21,806,705	13,000	(19,468,393)	(428,219)	134,722	2,057,815
Renovations under hire-purchase	712,169	-	(577,447)	-	(134,722)	-
Plant and machinery	5,610,328	13,950	(5,055,396)	(558,783)	-	10,099
Plant and machinery under hire-purchase	10,888,717	-	(9,534,706)	(1,354,011)	-	-
Tools, equipment and moulds	2,398,370	229,595	-	-	586,226	3,214,191
Tools, equipment and moulds under hire-purchase	586,226	-	-	-	(586,226)	-
Office and computer equipment, furniture and fittings and air-conditioners	5,542,687	115,974	-	-	6,592,883	12,251,544
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	2,972,762	-	-	-	(2,870,613)	102,149
Office and computer equipment, furniture and fittings and air-conditioners under lease	3,722,270	-	-	-	(3,722,270)	-
Motor vehicles	1,306,156	-	(120,071)	-	687,036	1,873,121
Motor vehicles under hire-purchase	1,607,595	-	(227,283)	-	(687,036)	693,276
Total	63,078,388	372,519	(40,495,199)	(2,341,013)	-	20,614,695

The Group Accumulated Depreciation	Balance at beginning of year RM	Charge for the year RM	Disposals RM	Written off RM	Reclassifi-cations RM	Balance at end of year RM
Warehouse, building and renovations	2,558,401	108,662	(1,917,786)	(209,343)	74,098	614,032
Renovations under hire-purchase	300,205	13,472	(239,579)	-	(74,098)	-
Plant and machinery	4,022,228	84	(3,635,787)	(386,441)	-	84
Plant and machinery under hire-purchase	5,667,631	-	(4,895,997)	(771,634)	-	-
Tools, equipment and moulds	1,330,252	226,247	-	-	368,016	1,924,515
Tools, equipment and moulds under hire-purchase	305,694	62,322	-	-	(368,016)	-
Office and computer equipment, furniture and fittings and air-conditioners	3,223,042	503,512	-	-	5,645,415	9,371,969
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	2,426,287	240,022	-	-	(2,607,346)	58,963
Office and computer equipment, furniture and fittings and air-conditioners under lease	2,700,720	337,349	-	-	(3,038,069)	-
Motor vehicles	1,261,311	16,527	(119,575)	-	638,898	1,797,161
Motor vehicles under hire-purchase	1,194,591	251,345	(184,044)	-	(638,898)	622,994
Total	24,990,362	1,759,542	(10,992,768)	(1,367,418)	-	14,389,718

	Net Book Value 2002 RM	Net Book Value 2001 RM	Depreciation charge for 2001 RM
Freehold land	412,500	5,924,403	-
Warehouse, building and renovations	1,443,783	19,248,304	497,676
Renovations under hire-purchase	-	411,964	69,463
Plant and machinery	10,015	1,588,100	455,190
Plant and machinery under hire-purchase	-	5,221,086	1,102,082
Tools, equipment and moulds	1,289,676	1,068,118	222,066
Tools, equipment and moulds under hire-purchase	-	280,532	55,430
Office and computer equipment, furniture and fittings and air-conditioners	2,879,575	2,319,645	550,900
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	43,186	546,475	484,584
Office and computer equipment, furniture and fittings and air-conditioners under lease	-	1,021,550	523,572
Motor vehicles	75,960	44,845	34,625
Motor vehicles under hire-purchase	70,282	413,004	322,860
Total	6,224,977	38,088,026	4,318,448

During the current financial year, the Group disposed of its freehold land, building and other manufacturing assets to Steelcase Artwright Manufacturing Sdn. Bhd. (formerly known as Rengard Industries Sdn. Bhd.), a company incorporated in Malaysia and an associated company of the Company for a total consideration of RM66,500,000. These disposals which were made pursuant to the Group's financial regularisation plan as disclosed in Note 37 resulted in a gain on disposal of RM37,041,303 to the Group as disclosed in Note 5.

Included under property, plant and equipment of the Group as of June 30, 2002 are fully depreciated assets which are still in use, with costs totalling RM6,825,795 (2001: RM3,295,493).

Also included under property, plant and equipment as of June 30, 2002 are temporary idle property, plant and equipment of the Group with a carrying amount of RM37,998 (2001: RM78,229).

The Group's freehold land and warehouse with a net book value of RM1,612,681 are charged to certain local banks to secure termed-out term loans as mentioned in Note 27.

12. GOODWILL ON CONSOLIDATION

	The Group	
	2002 RM	2001 RM
Goodwill at beginning of year	5,227,404	5,227,404
Cumulative amortisation at beginning of year	(1,669,562)	(1,460,466)
Current amortisation	(209,096)	(209,096)
Cumulative amortisation at end of year	(1,878,658)	(1,669,562)
	3,348,746	3,557,842

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2002 RM	2001 RM
Unquoted shares - At cost	35,695,922	18,695,922

During the current financial year, Artwright Marketing Sdn. Bhd. ("AMSB"), a wholly owned subsidiary company, increased its issued and paid-up share capital from RM50,000 to RM100,000 through an allotment of 50,000 new ordinary shares of RM1 each at RM340 per ordinary share through the capitalisation of amount owing to the Company for the purpose of increasing the working capital of AMSB.

As of June 30, 2002, the carrying value of the Company's investment in unquoted shares of subsidiary companies is in excess of the underlying net tangible assets backing by approximately RM24,000,000. No allowance for diminution in value of the investment 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 investment has occurred.

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

Subsidiary company	Effective Equity Interest 2002 and 2001	Principal Activities
Artwright Technology Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products. Ceased manufacturing operations in February 2002
Artwright Marketing Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products
Artwright Manufacturing Sdn. Bhd.	100%	Dormant
Artwright Industries Sdn. Bhd.	100%	Dormant
Spacecom Marketing Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products
Prestigious Office Systems Sdn. Bhd*	67%	Research and development of office interior markets and products and trading of office interior products
Persistem Sdn. Bhd.*	51%	Research and development of office interior markets and products and trading of office interior products

* Interest held through Artwright Marketing Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Unquoted shares - At cost	16,625,000	-	16,625,000	-
Share of post-acquisition results	(442,894)	-	-	-
	16,182,106	-	16,625,000	-

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

	The Group	
	2002	2001
	RM	RM
Share of net tangible assets	16,182,106	-

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

Associated Company	Effective Equity Interest 2002	Principal Activities
Steelcase Artwright Manufacturing Sdn. Bhd. (formerly known as Rengard Industries Sdn. Bhd.)	25%	Manufacturing, distributing and marketing of office equipment furniture and furnishing

The unquoted shares in the associated company are charged to the other shareholder of the associated company, Steelcase Inc., a company incorporated in the United States of America for the term loan granted to the Company as mentioned in Note 27.

As of June 30, 2002, the carrying value of the Company's investment in the associated company is in excess of the underlying share of net tangible assets backing by approximately RM443,000. No allowance for diminution in value of the investment has been made in the Company's financial statements as the directors are of the opinion that the investment is held for long-term purpose and no permanent impairment in the value of the investment has occurred.

15. OTHER INVESTMENTS

	The Group	
	2002	2001
	RM	RM
Quoted shares - At cost	3,000	3,000
Unquoted shares - At cost	50,000	50,000
Less: Allowance for diminution in value	(25,000)	-
	25,000	50,000
	28,000	53,000
Market value of quoted shares	2,300	1,780

16. INTANGIBLE ASSETS

	The Group 2002 RM	The Group 2001 RM
Patents and trademarks	539,857	525,015
Less: Accumulated amortisation	(302,284)	(197,281)
	237,573	327,734
Research and development costs	3,183,017	2,604,467
Less: Accumulated amortisation	(1,337,700)	(833,157)
Written off	(81,751)	-
	1,763,566	1,771,310
Expenditure carried forward - At cost		
Preliminary expenses	-	1,750
Pre-operating expenses	-	732,138
	-	733,888
Less: Accumulated amortisation	-	(468,679)
Written off	-	(265,209)
	-	-
	2,001,139	2,099,044

17. INVENTORIES

	The Group 2002 RM	The Group 2001 RM
At cost:		
Raw materials	2,552,280	3,740,685
Work-in-progress	-	2,472,707
Finished goods	-	6,475,750
Trading merchandise	4,353,875	-
	6,906,155	12,689,142
Less: Allowance for inventory obsolescence	(2,533,544)	(321,942)
	4,372,611	12,367,200

18. TRADE RECEIVABLES

	The Group 2002 RM	The Group 2001 RM
Trade receivables	14,714,977	27,678,784
Less: Allowance for doubtful debts	(1,934,420)	(1,684,507)
	12,780,557	25,994,277

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on sales of goods is normally 30 days or contractual periods based on project contract sales (2001 : 30 days). The Group’s historical experience in collection of trade receivables falls within the recorded allowances and management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group’s trade receivables.

19. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other receivables	3,331,824	686,363	-	3,087
Recoverable tax credits	245,530	263,862	32,081	50,413
Refundable deposits	576,153	738,357	-	-
Prepayments	143,103	875,215	-	680,568
	4,296,610	2,563,797	32,081	734,068

Included under other receivables is an amount of RM500,000 (2001 : RMNil) representing retention sum held by Steelcase Artwright Manufacturing Sdn. Bhd. on the disposal of the property, plant and equipment of the Group as disclosed in Note 11.

20. INTERCOMPANY AND RELATED PARTY TRANSACTIONS AND BALANCES

Other than disclosed elsewhere in the financial statements, the related parties and their relationship with the Company as of June 30, 2002 are as follows:

Name of related parties	Relationship
Steelcase Artwright Manufacturing Sdn. Bhd. (formerly known as Rengard Industries Sdn. Bhd.)	An associated company of the Company.
Steelcase Inc	The ultimate holding company of Steelcase Artwright Manufacturing Sdn. Bhd.
Lee, Perara & Tan	A firm in which Mr. Tan Seng Kee, a director of the Company is a partner.

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.

Amount owing to associated company arose mainly from trade transactions, net of payments made on behalf by the Company. This amount is unsecured, interest-free and is repayable within the credit terms of 30 days.

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

	The Group	
	2002	2001
Associated company	RM	RM
Steelcase Artwright Manufacturing Sdn Bhd.		
Purchases of trading merchandise	8,876,021	-
Sales of trading merchandise	1,471,455	-

	The Group 2002 RM	The Group 2001 RM
Other related parties		
Steelcase Inc.		
Product launching expenses paid	262,580	-
Lee, Perara & Tan		
Professional fee payable	46,901	9,728

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

	The Group 2002 RM	The Group 2001 RM
Subsidiary companies		
Interest-free advances and expenses paid on behalf	10,216,191	11,640,003
Management fee receivable	104,903	104,903

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

	The Group 2002 RM	The Group 2001 RM
Other payables and accrued expenses		
Steelcase Inc.	655,584	-

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

Artwright Singapore Pte. Ltd. (ASPL), a company incorporated in Singapore, ceased to be a related party as Mr. Yong Yoke Keong and Mr. Yong Chew Keat, directors of the Company ceased to be directors and shareholders of ASPL effective from July 1, 2001. Amount due from this former related party as of June 30, 2002 amounted to RM5,655,737, net of amount written off of RM10,743,632 during the current financial year.

21. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Fixed deposits with a licensed bank	2,146,913	-	-	-
Cash and bank balances	5,802,410	1,624,092	277,307	61,088
	7,949,323	1,624,092	277,307	61,088

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchases is 30 to 100 days (2001 : 90 to 100 days).

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other payables	4,237,542	4,495,903	86	-
Accrued expenses	693,358	8,429,800	360,218	6,917
	4,930,900	12,925,703	360,304	6,917

Other payables of the Group in 2002 comprise mainly of amount owing to Steelcase Inc. arising from expenses paid on behalf as disclosed in Note 20, outstanding transportation charges and insurance expenses payable. Other payables of the Group in 2001 comprise mainly of outstanding payroll liabilities payable.

Accrued expenses of the Group in 2002 comprise mainly of accrued interest on termed-out term loan, term loan obtained from Steelcase Inc. and ICULS 2002/2007 as at year end. Accrued expenses of the Group in 2001 comprise mainly of accrued interest on hire-purchase and lease obligations and long-term loans as at year end.

Accrued expenses of the Company in 2002 comprise mainly of accrued interest on term loan obtained from Steelcase Inc. and ICULS 2002/2007 as at year end.

23. AMOUNT OWING TO DIRECTORS

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

24. BANK BORROWINGS

	The Group	
	2002 RM	2001 RM
Revolving credits	-	22,237,458
Bankers' acceptances	-	14,136,379
Bank overdrafts (Note 32)	1,017	9,469,640
Short-term loans	-	3,197,161
Trust receipts	-	552,481
	1,017	49,593,119

Pursuant to the implementation and completion of the debt restructuring scheme as mentioned in Note 37, all bank borrowings, hire-purchase and lease payables and long-term loans of the Group granted by the secured and unsecured creditors have been fully settled/restructured during the current financial year. With the full settlement/restructuring of these outstanding bank borrowings, all related credit facilities of the Group were terminated by the respective creditors.

As of June 30, 2002, a subsidiary company that is not under the debt restructuring scheme as mentioned above has bank overdrafts and other credit facilities totalling RM175,000 (2001 : RM175,000) obtained from certain local banks. These facilities are guaranteed by certain directors of the subsidiary company and the Company and bears interest at 2% (2001 : 1%) per annum above the base lending rate.

All the above bank borrowings utilised are denominated in Ringgit Malaysia.

25. HIRE-PURCHASE PAYABLES

	The Group 2002 RM	2001 RM
Total instalments outstanding	188,068	11,344,326
Less: Interest-in-suspense	(4,079)	(1,401,075)
Principal outstanding	183,989	9,943,251
Less: Amount due within 12 months (shown under current liabilities)	(103,728)	(7,954,637)
Non-current portion	80,261	1,988,614

The non-current portion is repayable as follows:

	The Group 2002 RM	2001 RM
Financial years ending June 30,		
2002	-	1,199,181
2003	48,657	789,433
2004	31,604	-
	80,261	1,988,614

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term for the hire-purchase is about 3 to 5 years. The interest rate implicit to the hire-purchase obligations range from 6.0% to 12.53% (2001 : 6.0% to 12.53%) per annum.

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

26. LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2002 RM	2001 RM	2002 RM	2001 RM
Amount payable under finance lease:				
Within one year	-	1,815,462	-	1,436,902
Within two to five years	-	-	-	-
	-	1,815,462	-	1,436,902
Less: Future finance charges	-	(378,560)	N/A	N/A
Present value of lease payables	-	1,436,902	-	1,436,902
Less: Amount due within 12 months (shown under current liabilities)			-	(1,436,902)
Non-current portion			-	-

It is the Group's policy to lease certain of its property, plant and equipment under finance lease. The average term for finance lease is about 3 to 5 years.

27. LONG-TERM LOANS

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Total principal outstanding	23,464,500	17,304,728	16,625,000	-
Less: Amount due within 12 months (shown under current liabilities)	-	(10,263,082)	-	-
Non-current portion	23,464,500	7,041,646	16,625,000	-

The non-current portion is repayable as follows:

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Financial years ending June 30,				
2002	-	3,016,000	-	-
2003	-	2,136,000	-	-
2004	1,139,916	1,889,646	-	-
2005	2,279,832	-	-	-
2006	2,279,832	-	-	-
2007	17,764,920	-	16,625,000	-
	23,464,500	7,041,646	16,625,000	-

Company

The Company's term loan amounting to RM16,625,000 which is obtained from Steelcase Inc., a company incorporated in the United States of America, for the purpose of the acquisition of 25% equity interest in an associated company as mentioned in Note 14, bears interest at 6.375% per annum.

This term loan is repayable in March 2007 and is secured by the charge of the Company's shares in the said associated company.

Subsidiary companies

Pursuant to the implementation and completion of the debt restructuring scheme as mentioned in Note 37, an amount of RM6,839,500 of term loans is termed-out. This termed-out loan bears interest at 1.0% above the base lending rate or 1.5% above the cost of funds per annum and is repayable in twelve (12) equal quarterly instalments of RM569,958 each commencing February 2004.

The termed-out loan is secured by a first legal charge over the freehold land and warehouse of the Company as mentioned in Note 11.

The Group's long-term loans pertaining to a subsidiary company in 2001 were obtained from three local banks and bear interest at rates ranging from 7.80% to 9.30% per annum.

All term loans obtained are denominated in Ringgit Malaysia.

28. DEFERRED TAX LIABILITIES

	The Group 2002 RM	The Group 2001 RM
Balance at beginning of year	-	-
Transfer from income statements (Note 9)	4,000	-
Balance at end of year	4,000	-

The deferred tax liability is in respect of the following:

	The Group 2002 RM	The Group 2001 RM
Tax effects of timing differences in respect of:		
Excess of tax capital allowances over book depreciation of property, plant and equipment	18,000	-
Others	(14,000)	-
	4,000	-

29. SHARE CAPITAL

	The Group and The Company 2002 RM	The Group and The Company 2001 RM
Authorised:		
Ordinary shares of RM1 each:		
Balance at beginning of year	1,000,000,000	50,000,000
Created during the year	-	950,000,000
Balance at end of year	1,000,000,000	1,000,000,000
Issued and fully paid:		
Ordinary shares of RM1 each:		
Balance at beginning of year	19,970,000	19,970,000
Issued during the year:		
Debt to equity conversion	1,908,994	-
Conversion of 5.5% ICULS 2002/2007	1,357,260	-
Balance at end of year	23,236,254	19,970,000

During the financial year, the issued and paid-up share capital of the Company was increased from 19,970,000 ordinary shares of RM1 each to 23,236,254 ordinary shares of RM1 each through the following:

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

(ii). the conversion of RM2,904,538 nominal value of 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 into 1,357,260 new ordinary shares of RM1 each at a conversion price of RM2.14 per share.

The resulting share premium from the above issuance of shares and conversion of ICULS amounting to RM3,246,282 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company except that these shares are not entitled to any dividends, rights, allotments and/or distributions prior to the allotment of the new shares.

NOTES TO THE FINANCIAL STATEMENTS

30. RESERVES

	The Group		The Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Non-distributable:				
Share premium	11,868,292	10,935,362	11,868,292	10,935,362
Distributable:				
Unappropriated profit/ (Accumulated loss)	(25,279,564)	(43,546,600)	(886,900)	142,406
	(13,411,272)	(32,611,238)	10,981,392	11,077,768

Share premium

Share premium arose from issuance of shares and conversion of ICULS 2002/2007, net of bonus issue and issue expenses.

31. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	The Group	
	2002	**2001**
	RM	**RM**
Balance at beginning of year	-	-
Issued pursuant to debt restructuring scheme	14,410,000	-
Conversion to share capital (Note 29)	(2,904,538)	
Balance at end of year	11,505,462	-

Pursuant to the Trust Deed dated February 27, 2002 and the debt restructuring scheme, the Company issued RM14,410,000 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 at a nominal value of RM1 each for the settlement of debts to the Group's unsecured creditors as mentioned in Note 37.

During the current financial year, 2,904,538 ICULS 2002/2007 were converted into 1,357,260 new ordinary shares of RM1 each.

The salient features of the ICULS 2002/2007 are as follows:

(a) The ICULS 2002/2007 bear interest at 5.5% per annum and is payable semi-annually on June 30 and December 31 of each year;

(b) The ICULS 2002/2007 are convertible into new ordinary shares on the basis of one new ordinary share of RM1 each for every RM2.14 nominal amount of ICULS 2002/2007;

(c) All new ordinary shares issued upon conversion of the ICULS 2002/2007 shall rank pari passu in all respects with the existing ordinary shares of the Company except that these shares are not entitled to any dividends, rights, allotments and/ or distributions prior to the allotment of the new shares;

(d) The ICULS 2002/2007 are for a period of five (5) years maturing on March 5, 2007; and

(e) Unless previously converted, all outstanding ICULS 2002/2007 will be mandatorily converted into new ordinary shares of RM1 each at the conversion price on the maturity date.

The directors of the Company are of the opinion that the possibility is remote that a default condition could arise and result in the ICULS being required to be settled in cash. Accordingly, with the adoption of MASB 24 - Financial Instruments : Disclosure and Presentation in the current financial year, the ICULS have been recognised and presented in the balance sheet of the Group and of the Company as an equity instrument.

32. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash and bank balances	5,802,410	1,624,092	277,307	61,088
Fixed deposits with a licensed bank	2,146,913	-	-	-
Bank overdrafts (Note 24)	(1,017)	(9,469,640)	-	-
	7,948,306	(7,845,548)	277,307	61,088

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In the current financial year, the Group and the Company adopted MASB 24 -Financial Instruments : Disclosure and Presentation, and the following information is provided in accordance with the requirements of the standard. No comparative information is provided as this is the first financial year following the adoption of this standard.

Financial Instruments

Financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. A chain of contractual rights or obligations may be established, but for a financial asset this ultimately leads to the receipt of cash or the acquisition of an equity instrument, and for a financial liability this ultimately leads to the payment of cash or the issuance of an equity instrument.

When a financial instrument issued gives rise to a contractual obligation to deliver cash or another financial asset or to exchange another financial instrument under conditions that are potentially unfavourable to the issuer, it is classified as a financial liability; where a financial instrument issued does not give rise to such a contractual obligation, it is classified as an equity instrument. Where the rights and obligations regarding the manner or settlement of a financial instrument depend on the occurrence or the non-occurrence of uncertain future events, the financial instrument is classified as a financial liability except to the extent that the possibility of the issuer being required to settle in cash or another financial asset is remote at the time of the issuance wherein the financial instrument issued is then classified as equity.

Where a financial instrument issued contains both a liability and equity element, the equity component is classified separately from the liability component of the compound instrument. The carrying amount of the financial liability is determined by discounting the stream of future payments of interest and principal at the prevailing market rate. The carrying amount of the equity is then determined by deducting the carrying amount of the financial liability from the amount of the compound instrument as a whole.

Interest payable/receivable on a financial liability/financial asset is accrued, and charged/credited to the income statement in the period to which it relates. Distribution to holders of a financial instrument classified as an equity instrument is debited directly to equity.

The principal financial instruments held or issued by the Group are deposits and bank balances, trade and other receivables, trade and other payables, amount owing to associated company, bank borrowings, term loans and ICULS.

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group’s exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

(i) Foreign currency risk

The Group has neither material liabilities nor assets that are denominated in foreign currencies as of June 30, 2002. As such, the Group's direct exposure to foreign currency risk is minimal.

(ii) Interest rate risk

The Group's significant interest bearing financial assets and financial liabilities are mainly its deposit placements and also its long term debt obligation comprising of term loans. The deposit placements as at balance sheet date, which bears interest at 2.5% per annum, are short term and therefore its exposure to the effects of future changes in prevailing level of interest rates is limited.

The term loans of the Group as of June 30, 2002 are fixed and floating rate financial liabilities as disclosed in Note 27.

(iii) Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of June 30, 2002, is the carrying amount of these receivables as disclosed in the balance sheet.

(iv) Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(v) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Fair values

The fair value of the financial assets and financial liabilities, other than term loans, reported in the balance sheet approximate the carrying amount of those assets and liabilities because of the immediate or short-term maturity of these financial instruments, except as follows;

		The Group		The Company	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Term loans	27	23,465,500	16,482,306	16,625,000	11,314,696

The fair value of the term loans of the Group and the Company is estimated using the discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

34. CONTINGENT LIABILITIES - UNSECURED

A subsidiary company filed a claim for an unspecified amount against a third party for unauthorised use of drawings of the subsidiary company which are protected under the copyright of the subsidiary company. The said third party counter claimed for an unspecified amount and sought a declaration that the drawings are not protected under the Copyrights Act and has claimed damages and costs against the subsidiary company. No provision for loss has been made in the financial statements of the Group as the directors, based on the legal opinion, are of the opinion that the claim has no merits and the outcome of the case is not presently known.

35. 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.

36. EMPLOYEES SHARE OPTION SCHEME

Pursuant to the Company's Employees Share Option Scheme (ESOS) which became effective on June 10, 2002 and shall expire on June 9, 2007, the granting and exercise of options to subscribe up to ten per centum (10%) of the issued and paid-up share capital of the Company are made available to eligible directors and employees of the Group.

The salient features of the ESOS are as follows:

(i) eligible employees are those who have been confirmed in writing as employees of the Group at the date of the offer and be at least eighteen (18) years of age on the date of offer;

(ii) the option is personal to the grantee and is non-assignable;

(iii) the option price shall be determined by the Board upon the recommendation of the ESOS Committee which may be at a discount of not more than ten per centum (10%) to the weighted average market price of the shares of the Company for the five (5) market days immediately preceding the date of the offer or the par value of the shares of the Company, whichever is higher;

(iv) the options granted may be exercised at anytime within a period of five (5) years from the date of offer; and

(v) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of one thousand (1,000) option shares.

The movements in the options to take up unissued ordinary shares of RM1 each are as follows:

Exercise Price	Date Granted	Balance at 1.7.2001	Granted	Exercised	Lapsed	Balance at 30.6.2002
RM1.25	10.6.2002	-	1,825,000	-	-	1,825,000

37. SIGNIFICANT EVENTS

During the current financial year, the Group and the Company fully implemented its financial regularisation plan relating to the strategic alliance with Steelcase Inc. ("Steelcase"), a company incorporated in the United States of America and debt restructuring scheme as announced by the Company on June 5, 2001 and August 17, 2001 respectively.

As part of the abovementioned strategic alliance and the debt restructuring scheme, the following significant events occurred during the current financial year:

(a) On January 31, 2002, the Group fulfilled all conditions precedent to the Assets Sale and Purchase Agreement dated May 31, 2001 signed between Artwright Technology Sdn. Bhd. and Artwright Manufacturing Sdn. Bhd. and Steelcase Artwright Manufacturing Sdn. Bhd. ("SAM") (formerly known as Rengard Industries Sdn. Bhd.), for the disposal of the Group's manufacturing assets and a piece of land with buildings thereon belonging to the Group for a cash consideration of USD17,500,000 (equivalent to RM66,500,000).

(b) Pursuant to the Supplementay Debt Restructuring Agreement (SDRA) dated August 17, 2001 signed between the Company and four of its subsidiary companies, namely Artwright Technology Sdn. Bhd., Artwright Manufacturing Sdn. Bhd., Artwright Marketing Sdn. Bhd. and Artwright Industries Sdn. Bhd., with certain financial institutions and non-financial institutions, the following were completed:

(i) On February 8, 2002, the Group utilised RM58,000,000 of the total proceeds received in (a) above to make the following settlements:

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

- 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 instalments and all other charges accrued and accruing up to June 30, 1999; and

- 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 totalling RM29,089,910;

(ii) On March 6, 2002, the Company issued RM14,410,000 nominal value of 5-year 5.5% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2002/2007 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;

(iii) On March 18, 2002, 1,908,994 new ordinary shares of RM1 each were issued by the Company at an issue price of RM1.89 per ordinary share to the secured and unsecured creditors as settlement of the interest on the capitalised secured and unsecured debts totalling RM3,608,000 for the period from September 1, 1999 to September 30, 2000;

(iv) The terming out of the balance of unsecured debts totalling RM6,839,500 over twelve (12) equal quarterly instalments of RM569,958 commencing two (2) years after the date of the completion of (a) above; and

(v) Waiver of interest chargeable on secured and unsecured debts owing to the secured and unsecured creditors on or after October 1, 2000, resulting in the write-back of finance costs during the current financial year amounting to RM7,822,751.

(c) On February 8, 2002, the following were completed:

(i) The Company entered into a Share Subscription Agreement with Steelcase for the simultaneous subscription of shares in the proportion of 75% and 25% of the enlarged share capital of SAM for Steelcase and the Company respectively; and

(ii) The Company obtained a term loan amounting to RM16,625,000 from Steelcase for the purpose of the subscription of shares in SAM as mentioned in (c)(i) above. This term loan bears interest at 6.375% per annum and is secured by the Company's shares in SAM.

38. PROFIT GUARANTEE

Pursuant to the Stakeholders Agreement dated April 3, 1996 and its Supplemental Agreement dated April 10, 1996 signed between Mr. Yong Yoke Keong, Mr. Yong Chew Keat and Iskandar Holdings Sdn. Bhd. (collectively known as the "Guarantors"), Amanah Merchant Bank Berhad ("Stakeholder") and the Company, the guarantors has provided a guarantee that the consolidated profit before tax of the Company shall be as follows:

	Profit Before Tax RM
Financial year ended June 30,	
1997	12,420,900
1998	7,980,300
1999	7,980,300

At the Extraordinary General Meeting held on September 29, 1998, the shareholders of the Company approved the revision to the terms and conditions of the Stakeholders Agreement whereby the guaranteed consolidated profit before tax of RM15,960,600 to be achieved on an aggregate basis in the two financial years ended June 30, 1998 and 1999 shall be achieved over a period of five financial years commencing June 30, 1998 to June 30, 2002. The Company has obtained the approval of the Securities Commission ("SC") for this revision on December 7, 1998.

However, the economic slowdown in Malaysia has significantly affected the performance of the Group. This has resulted in the Group incurring a consolidated loss before tax over the five financial years as shown below, thus giving rise to the shortfall in the profit guarantee:

Financial year ended June 30,	Profit Before Tax RM
1998	(19,616,328)
1999	(28,008,588)
2000	(12,290,351)
2001	(9,513,427)
2002	18,504,714
	(50,923,980)

The shortfall in the guaranteed profit will only be recognised upon receipt.

The guarantors acknowledged that their liabilities pertaining to the guaranteed profit has crystallised and have intended to fully discharge their obligations. The guarantors have submitted to the Company a proposal on the variation to the profit guarantee as follows:

(i) proposed restricted issue of 9.066 million free warrants to the entitled shareholders of the Company on a non-renounceable basis in the ratio of one (1) new warrant for every two (2) existing ordinary shares of RM1 each held in the Company; and

(ii) proposed undertaking by the guarantors to buy back the warrants from the entitled shareholders at a price of RM0.58 per warrant.

On July 11, 2002, the Company has submitted a concept paper to the SC on the proposed variation by the guarantors to seek SC's concurrence that the proposed variation does not represent variation to the original agreements entered into by all parties involved. As of the date of this report, the above proposed variation by the guarantors has yet to obtain the approval from the SC.

NOTES TO THE FINANCIAL STATEMENTS

39. 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 previously reported RM**	**Reclassification RM**	**As reclassified RM**
Income Statements:			
Other operating income	1,098,132	^88,795	1,186,927
Directors' remuneration	-	*566,215	566,215
Staff costs	9,740,385	*(539,335)	9,201,050
Other operating expenses	6,354,917	^61,915	6,416,832
Balance Sheets:			
Other payables and accrued expenses	13,045,705	+(120,002)	12,925,703
Amount owing to directors	60,000	+120,002	180,002
Cash flow Statements:			
Decrease in other payables and accrued expenses	(1,278,378)	+(120,002)	(1,398,380)
Increase in amount owing to directors	-	+120,002	120,002

The Company			
Income Statements:			
Directors' remuneration	-	*60,000	60,000
Other operating expenses	192,473	*(60,000)	132,473
Balance Sheets:			
Other payables and accrued expenses	126,919	+(120,002)	6,917
Amount owing to directors	60,000	+120,002	180,002
Cash flow Statements:			
Increase/(Decrease) in other payables and accrued expenses	60,000	+(120,002)	(60,002)
Increase in amount owing to directors	-	+120,002	120,002

* This relates to reclassification of directors' remuneration previously included in operating expenses

^ This relates to reclassification of other operating income previously netted off in operating expenses

+ This relates to reclassification of amount owing to directors previously included in other payables and accrued expenses

STATEMENT BY THE 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, 2002 and of the results of the businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the directors,

YONG YOKE KEONG

YONG CHEW KEAT

Kuala Lumpur,
October 16, 2002

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

I, **FOLK JEE YOONG**, the officer 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.

FOLK JEE YOONG

Subscribed and solemnly declared by the abovenamed **FOLK JEE YOONG**
at **KUALA LUMPUR** this 16th day of
October, 2002.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

LOCATION	TENURE	DESCRIPTION	LAND AREA (SQ. FT)	NET BOOK VALUE AS AT 30 JUNE 2002 (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	1,808	13 years

STATISTICS OF SHAREHOLDINGS

Analysis of Shareholdings as at 21/10/2002

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Fully Paid-up Capital	:	RM23,236,254.00
Type of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 Vote per Share

Category	No. of Holders		No. of Shares		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 - 1,000	610	18	610,000	18,000	2.63	0.08
1,001 - 5,000	309	24	853,728	71,000	3.67	0.31
5,001 - 10,000	58	9	454,499	80,000	1.96	0.34
10,001 - 100,000	38	5	1,028,706	116,000	4.43	0.50
100,001 - 1,000,000	21	1	9,358,053	960,000	40.27	4.13
OVER 1,000,000	5	1	8,433,008	1,253,260	36.29	5.39
Total	1,041	58	20,737,994	2,498,260	89.25	10.75

TOP 30 SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 21 OCTOBER 2002	Shares Held	Percentage (%) Held
1) AMSEC NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: AMBANK BERHAD FOR YONG YOKE KEONG*	2,576,000	11.09
2) ISKANDAR HOLDINGS SDN BHD	1,675,520	7.21
3) BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG (4966 JTRK)*	1,635,200	7.04
4) ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG YOKE KEONG (STAKEHOLDERS)*	1,456,288	6.27
5) OCBC BANK (MALAYSIA) BERHAD	1,253,260	5.39
6) MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG (01-00187-000)*	1,090,000	4.69
7) PERMODALAN NASIONAL BERHAD	999,000	4.30
8) THAVRON ASSOCIATES LIMITED	960,000	4.13
9) SPACE CULTURE (M) SDN BHD	917,000	3.95
10) ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG CHEW KEAT (STAKEHOLDERS)*	864,712	3.72
11) BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT (4966 JTBK)*	700,800	3.02
12) ALLIANCE BANK MALAYSIA BERHAD	683,616	2.94
13) ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ESPRIWASA SDN BHD (STAKEHOLDERS)*	663,040	2.85
14) T-PROPS (MALAYSIA) SDN BHD	627,000	2.70
15) CHENG KWAI LAN	592,532	2.55
16) ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ISKANDAR HOLDINGS SDN BHD (STAKEHOLDERS)*	520,960	2.24
17) BUMIPUTRA-COMMERCE BANK BERHAD	462,232	1.99
18) MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *QUALIFIER: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (MLFZ)*	449,000	1.93
19) MALAYAN BANKING BERHAD	268,634	1.16
20) ESPRIWASA SDN BHD	255,480	1.10
21) LEMBAGA TABUNG HAJI	215,000	0.93
22) YONG CHEW KEAT	203,000	0.87
23) BANK SIMPANAN NASIONAL	189,000	0.81

STATISTICS OF SHAREHOLDINGS

TOP 30 SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 21 OCTOBER 2002	**Shares Held**	**Percentage (%) Held**
24) MAYBAN NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURIITES ACCOUNT FOR YONG CHEW KEAT (101AB0858)*	184,668	0.79
25) AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: MALAYSIA PROGESS FUND*	136,000	0.59
26) KUALA LUMPUR STOCK EXCHANGE	118,442	0.51
27) PAB NOMINEE (TEMPATAN) SDN BHD *QUALIFIER: AFFIN BANK BERHAD (CORPBANKING)*	111,937	0.48
28) MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *QUALIFIER: AMANAH SSCM ASSET MANAGEMENT BERHAD FOR AMANAH SMALLCAP FUNDBERHAD (JM730)*	104,000	0.45
29) CHENG KWAI LAN	92,000	0.40
30) CHEE YING LUEN	85,000	0.37
TOTAL	20,089,321	86,46

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 21/10/2002

	Direct		**Indirect**	
NAME OF SUBSTANTIAL SHAREHOLDERS	No. of Shares Held	% Held	No. of Shares Held	% Held
YONG YOKE KEONG	6,787,846	29.1	-	-
ISKANDAR HOLDINGS SDN BHD	8,196,480	9.45	-	-
MIRZAN MAHATHIR	-	-	2,196,480 *(1)*	9.45
YONG CHEW KEAT	1,952,180	8.40	-	-

Notes:
(1) Deemed interest by virtue of Section 6A of the Companies Act, 1965.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 21/10/2002

	Direct		**Indirect**	
NAME OF DIRECTORS	No. of Shares Held	% Held	No. of Shares Held	% Held
MIRZAN MAHATHIR	-	-	2,196,480 *(1)*	9.45
YONG YOKE KEONG	6,787,846	29.21	-	-
YONG CHEW KEAT	1,952,180	8.40	-	-
TAN SENG KEE	8,000	0.03	-	-
HEE TECK MING	1,000	0.004	-	-
DATO' ONG KIM HOAY	-	-	-	-

Notes:
(1) Deemed interest by virtue of Section 6A of the Companies Act, 1965.

5.5% RM14,410,000 NOMINAL VALUE OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2002/2007 ("2002/2007 ICULS")

Category	No. of Holders Malaysian	No. of Holders Foreign	No. of ICULS Malaysian	No. of ICULS Foreign	Percentage (%) Malaysian	Percentage (%) Foreign
1 - 1,000	98	1	97,153	1,000	0.84	0.01
1,001 - 5,000	32	4	102,000	12,000	0.89	0.11
5,001 - 10,000	6	0	50,000	0	0.43	0.00
10,001 - 100,000	7	1	126,000	20,000	1.10	0.17
100,001 - 1,000,000	1	0	146,661	0	1.27	0.00
OVER 1,000,000	5	0	10,950,648	0	95.18	0.00
Total	149	6	11,472,462	33,000	99.67	0.29

TOP 30 ICULSHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 21 OCTOBER 2002

	Name	Shares Held	Percentage (%) Held
1)	MALAYAN BANKING BERHAD	4,635,820	40.29
2)	PAB NOMINEE (TEMPATAN) SDN BHD *QUALIFIER: AFFIN BANK BERHAD (CORPBANKING)*	1,931,706	16.79
3)	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: RHB BANK BERHAD (ACCOUNT 1)*	1,810,000	15.73
4)	HLB NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: HONG LEONG BANK BERHAD (KLM/ATSB)*	1,427,252	12.41
5)	ALLIANCE BANK MALAYSIA BERHAD	1,145,870	9.96
6)	PUBLIC BANK BERHAD *QUALIFIER: AS BENEFICIAL OWNER*	146,661	1.27
7)	TAN YONG LEE	25,000	0.22
8)	JF APEX NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN*	23,000	0.20
9)	LOW BENG YEN	20,000	0.17
10)	LIM SUA KU @ LIM SAI CHOO	20,000	0.17
11)	HDM NOMINEES (ASING) SDN BHD *QUALIFIER: J.M. BASSOON &CO. (PTE) LTD FOR CHEN TENG LIP*	20,000	0.17
12)	LOO ENG HWA	14,000	0.12
13)	LEW CHEE KEONG	13,000	0.11
14)	MAH SOW LIN	11,000	0.10
15)	WANG KEE LOON	10,000	0.09
16)	MAYBAN NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR HO JIT KHEONG (188AJ3270)*	10,000	0.09
17)	MAYBAN NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR CHIW PEE LIAN (133AB8188)*	10,000	0.09
18)	AH MENG @ NGOH KEE MENG	8,000	0.07
19)	JF APEX NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR VOON JYE YNG*	6,000	0.05
20)	BEH SENG KHIM	6,000	0.05
21)	YAP YIN KONG	5,000	0.04
22)	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: TAN YUE TAY (NKU)*	5,000	0.04
23)	TER BAN @ TUH HONG SOON	5,000	0.04
24)	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR CHU LENG CHEK (REM 857-MARGIN)*	5,000	0.04
25)	LEU CHEONG SAN	5,000	0.04
26)	JF APEX NOMINEES (TEMPATAN) SDN BHD *QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR ANG YOKE CHUN @ HOONG YUKE CHEN*	5,000	0.04
27)	DOMINIC CH'NG YUNG TEO	5,000	0.04
28)	DAYANATHAN THAYAGARAJAN	5,000	0.04
29)	CHON TIEW @ CHONG CHEONG KIN	5,000	0.04
30)	YEW AH KAU	4,000	0.03
	TOTAL	11,342,309	98.58

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at **Lotus Room, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur** on **Thursday, 12th December, 2002** at **10.30 a.m.**

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 30th June, 2002 and the Directors' and Auditors' Reports thereon. ***Resolution 1***

2. To re-elect the following directors retiring pursuant to Article 85 of the Company's Articles of Association:-
   (a) Yong Yoke Keong ***Resolution 2***
   (b) Tan Seng Kee ***Resolution 3***
   (c) Hee Teck Ming ***Resolution 4***

3. To re-elect Dato' Ong Kim Hoay retiring pursuant to Article 92 of the Company's Articles of Association. ***Resolution 5***

4. To approve the payment of Directors' fees for the year ended 30th June, 2002. ***Resolution 6***

5. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration. ***Resolution 7***

6. 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
   "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."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965. ***Resolution 8***

BY ORDER OF THE BOARD
YEOH CHONG KEAT (MIA 2736)
TAN SOOK MEI (LS 02892)
Secretaries
20th November, 2002

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) 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. Where a member appoints more than one (1) proxy, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(iii) Pursuant to paragraph 7.22 of the Listing Requirements of Kuala Lumpur Stock Exchange, where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.

(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Suite 11.1A, Level 11, Menara Weld,76,Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

(vi) The Statement accompanying this notice is contained on page (62) 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 6, if passed, will give the Directors of the Company from the date of the 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.

STATEMENT ACCOMPANYING NOTICE OF NINTH ANNUAL GENERAL MEETING

1. Directors standing for re-election at the Ninth Annual General Meeting of the Company:-

(a) Yong Yoke Keong	-	Article 85
(b) Tan Seng Kee	-	Article 85
(c) Hee Teck Meng	-	Article 85
(d) Dato' Ong Kim Hoay	-	Article 92

2. Details of attendance of directors at board meetings and the place, date and hour of board meetings are contained on page 11 of the Annual Report.

3. Details of directors standing for re-election:-

Name of Director	Yong Yoke Keong	Tan Seng Kee	Hee Teck Ming	Dato' Ong Kim Hoay
Nationality	Malaysian	Malaysian	Malaysian	Malaysian
Age	43	45	43	68
Position in the Company	Managing Director Executive Director	Non-Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Qualification & Working experience	Details as contained on page 9 of the Annual Report	Details as contained on page 9 of the Annual Report	Details as contained on page 9 of the Annual Report	Details as contained on page 9 of the Annual Report
Other directorships of public companies	None	Kia Lim Bhd Ajiya Bhd Pahanco Corporation Bhd	None	Amanah Capital Partners Berhad Ann Joo Resources Bhd Multivest Resources Bhd Kemayan Corporation Bhd Atlan Holdings Bhd Kimble Corporation Bhd
Securities holdings in the Company and its subsidiaries	Details as contained on page 59 of the Annual Report	Details as contained on page 59 of the Annual Report	Details as contained on page 59 of the Annual Report	Details as contained on page 59 of the Annual Report
Family relationship with any director and/ or major shareholder of the Company	He is the sibling to Yong Chew Keat, the Executive Director and major shareholder of the Company.	None	None	None
Any conflict of interest with the Company	None	None	None	None
List of convictions for offences within the past 10 years other than traffic offences, if any	None	None	None	None

Artwright®

ARTWRIGHT HOLDINGS BERHAD
(Company No.: 274909-A)

NINTH ANNUAL GENERAL MEETING

FORM OF PROXY

No. of Ordinary Shares Held

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

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 Ninth Annual General Meeting of the Company to be held at **Lotus Room, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur** on **Thursday, 12th December, 2002** at **10.30 a.m.** and at any adjournment thereof on the following resolutions referred to in the Notice of Annual General Meeting.
My/Our proxy is to vote as indicated below:-

RESOLUTION	*FOR	*AGAINST
ORDINARY BUSINESS 1. To receive and adopt the Audited Financial Statements of the Company for the year ended 30th June, 2002 and the Directors' and Auditors' Reports thereon		
2. To re-elect Yong Yoke Keong retiring in accordance with Article 85 of the Company's Articles of Association		
3. To re-elect Tan Seng Kee retiring in accordance with Article 85 of the Company's Articles of Association		
4. To re-elect Hee Teck Ming retiring in accordance with Article 85 of the Company's Articles of Association		
5. To re-elect Dato' Ong Kim Hoay retiring in accordance with Article 92 of the Company's Articles of Association		
6. To approve the payment of Directors' fees for the financial year ended 30 June 2002.		
7. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS 8. 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 ____________________2002

____
Signature of Member(s) or Common Seal

Notes:-

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

(ii) 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. Where a member appoints more than one (1) proxy, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(iii) Pursuant to paragraph 7.22 of the Listing Requirements of Kuala Lumpur Stock Exchange, where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.

v) The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

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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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: www.artwright.com