



Artwright®

Annual Report 2003

Artwright Holdings Berhad
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CORPORATE INFORMATION

AUDIT COMMITTEE

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

REGISTERED OFFICE

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

COMPANY SECRETARY

- **Yeoh Chong Keat** ●
(MIA 2736)
- **Tan Sook Mei** ●
(LS 02892)

BOARD OF DIRECTORS

- **Mirzan Mahathir** ●
Chairman
- **Yong Yoke Keong** ●
Managing Director / Chief Executive Officer
- **Yong Chew Keat** ●
Executive Director
- **Tan Seng Kee** ●
Non-Independent Non-Executive Director
- **Hee Teck Ming** ●
Independent Non-Executive Director
- **Dato' Ong Kim Hoay** ●
Independent Non-Executive Director

AUDITORS

- **Deloitte KassimChan** ●
Level 19, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Tel: 03-7726 1833
Fax: 03-7726 3986

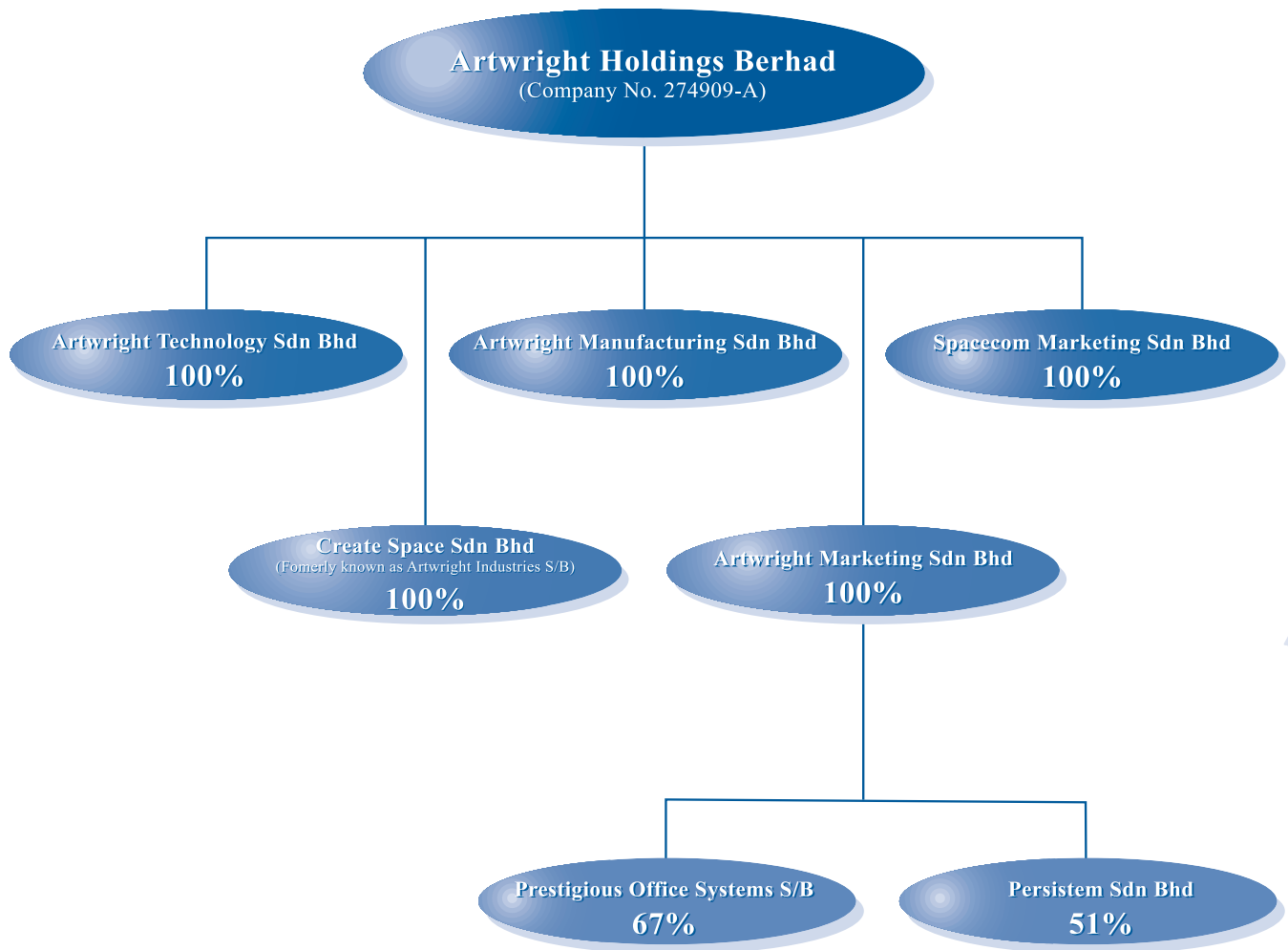
REGISTRARS

- **PFA Registration Services Sdn Bhd** ●
Level 13, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Tel: 03-7725 8048
Fax: 03-7725 2311

PRINCIPAL BANKERS

- **Bumiputra-Commerce Bank Berhad** ●
- **Alliance Bank Malaysia Berhad** ●
- **Malayan Banking Berhad** ●
- **OCBC Bank Berhad** ●

GROUP CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the tenth Annual Report and Financial Statements of Artwright Holdings Berhad for the financial year ended 30 June 2003.

Artwright was founded in 1965 as a producer of drawing boards and tee-squares for engineers and architects, and we have gradually evolved to become an internationally recognized office interiors company. Artwright has proven flexible in adapting to a rapidly changing market place, especially after the 1997 Asian financial crisis. More recently, the Iraq war and the severe acute respiratory syndrome (SARS) crisis were examples of the unpredictability of market demand that we had to adjust to.

Our turnover for the financial year under review was RM26.1 million compared with RM32.7 million for the previous financial year. Net Loss After Tax was RM8.56 million while Net Assets is recorded at RM12.0 million. Despite these challenges for the year under review, much of the turnaround work that needed to be done has been done enabling us to look at the future positively again.

The corporate restructuring exercise completed during the last financial year has changed the Artwright business from a manufacturing concern to one that focuses on research and development of office interior products and on the trading of office interior products. The Artwright core business looks at delivering fully integrated and highly flexible office interior solutions based on innovative functional, modular and aesthetically pleasing products.



Like 'Nike', Artwright is no longer a manufacturer but a brand builder and a design, development and fulfillment house for office interior solutions. In order to ensure a sustainable competitive advantage, we must improve our market intelligence, design and development capabilities as well as our logistics and customer fulfillment skills and systems. Our investments are where it matters most: in our people, our processes and our IT infrastructure.

Artwright has had the distinct privileges to work with many clients throughout the world, ranging from multinational corporations to regional businesses. We pride ourselves in the strong, long-term relationships we have developed with our customers. We have a number of agreements with key account customers who provide continuous business as their organizations grow and change.

As an international company, our capabilities to support our customers' business on a global basis are provided through a well trained team of international dealerships. Artwright distributes about 50% of our products through the international distribution network. We have a physical presence, with showrooms and dealers in more than 25 countries worldwide.



CHAIRMAN'S STATEMENT

The Artwright brand is being valued for its quality solutions. Having achieved a position built over the decades as one of the most sophisticated system furniture companies in the world, we continue to deliver this differentiation in a more competitive manner than most of our peers. Artwright is committed to continue in this direction, benefiting from our strengths of being a differentiated player, and has the wherewithal to execute an effective growth strategy.

On behalf of the Board, I would like to 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



BOARD OF DIRECTORS

Mirzan Mahathir, aged 45, 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 raising. Since his return to Malaysia in March 1990, he was appointed director to several public listed companies such as Worldwide Holdings Berhad, Dolomite Corporation 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 44, 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 founding Joint Chairman of Institut Perekabentuk Dalam Malaysia Industry Partners (IPDM-ip).



Yong Chew Keat, aged 54, 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 companies in Malaysia.

Tan Seng Kee, aged 46, was appointed as a Non-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 44, 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 Chief Operating Officer in Paracorp Technology Sdn Bhd.

Dato' Ong Kim Hoay, aged 69, was appointed as an Independent Non-Executive Director of the Company on 28 March 2002. He is an Associate Member of the Institute of Chartered Accountants of Australia and the Institute of Chartered Secretaries and Administrators of Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants. He started his career as an Auditor with Terquand Young & Co. (now known as Ernst & Young), a public accounting firm, in 1969. He subsequently joined Malayan Banking Berhad ("Maybank") in 1970 and had held various senior positions in the Bank before retiring as the General Manager. He had also served on the Board of Director of Maybank for several years. He currently sits on the Board of Directors of Amanah Capital Partners Berhad, Amanah Short Deposits Berhad, Ann Joo Resources Berhad, Atlan Holdings Berhad, Kimble Corporation Berhad, Multivest Resources Berhad, and Sriwani Holdings Berhad.

AUDIT COMMITTEE

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 least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.



Authority

- The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employees and all employees are directed to 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.

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.

Details of Attendance of Audit Committee Meetings

During the financial year ended 30 June 2003, six (6) Audit Committee meetings were held and the details of attendance of each members are as follows:-

Audit Committee Members	No. of meetings held during the financial year						Total meetings attended	Percentage of Attendance (%)
	27/08/02	30/08/02	16/10/02	28/11/03	26/02/03	26/05/03		
Dato' Ong Kim Hoay	v	v	v	v	v	v	6/6	100
Tan Seng Kee	v	v	v	v	v	v	6/6	100
Hee Teck Ming	v	v	v	v	v	v	6/6	100



Activities of the Audit Committee

During the financial year ended 30 June 2003, the Audit Committee, in discharging its functions and duties, carried out the following activities:-

- i. Reviewed the internal audit reports;
- ii. Reviewed the quarterly announcements prior to Board of Directors' approval for release to the Kuala Lumpur Stock Exchange;
- iii. Reviewed the audit plans for the Group;

Internal Audit Function

It is the intention of the internal audit unit to provide the Audit Committee of the Company, with an independent assessment of the efficiency and adequacy of the internal control systems of the Group. This is done by reviewing and reporting on any material deviations and non-compliances of policies and control procedures implemented by management and the Board. The internal audit unit will also strive to recommend sound and practical improvement to management on existing control system wherever necessary after conducting an audit of the various department and operational systems, so as to safeguard the assets of the company.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors (“the Board”) of Artwright Holdings Berhad is committed to ensuring that the highest standards of Corporate Governance are practiced throughout the organisation as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of Artwright Holdings Berhad. Currently, the Board is working towards ensuring full application of all Principles in Part 1 of the Malaysian Code on Corporate Governance (“the Code”) and is also committed to ensuring compliance with the Best Practices as recommended in Part 2 of the Code.

The Board of Directors

The Board

Artwright Holdings Berhad is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields such as manufacturing, marketing, legal, finance and accounting etc. Together the Directors bring a broad range of skills, experiences, and knowledge required to successfully direct and supervise the company’s business activities, which are vital to the success of the Group.

a) Composition

The Board of Directors consists of a Chairman, a Group Managing Director and 4 directors, which comprises 2 Independent Non-Executive Directors, 2 Non-Independent Non-Executives Directors and 2 Executive Directors. The roles of the Chairman of the Board and Managing Director are segregated. Artwright Holdings Berhad has thus complies with the KLSE Listing Requirements on board composition. The profiles of each of the Directors are set out on page 6 of this Annual Report.

b) Board Meetings

During the financial year ended 30 Jun 2003, the Board met a total of five (5) times. Details of the meetings are as follows:-

Directors	No. of meetings held during the financial year					Total meetings attended by directors	Percentage of Attendance (%)
	30/08/02	16/10/02	28/11/02	26/02/03	27/05/03		
Mirzan Bin Mahathir	x	v	v	v	v	4/5	80
Yong Yoke Keong	v	v	v	v	v	5/5	100
Yong Chew Keat	v	v	v	v	v	5/5	100
Tan Seng Kee	v	v	v	v	v	5/5	100
Hee Teck Ming	v	v	v	v	v	5/5	100
Dato’ Ong Kim Hoay	v	v	v	v	v	5/5	100

The agenda and issues discussed were prepared and circulated before each meeting. Minutes of the Board meetings are maintained by the Company Secretary.

All Directors have access to the advice of the Company Secretary, independent professional advisors, and internal/external auditors in appropriate circumstances at the Company’s expense.

c) Nomination Committee

The Nomination Committee comprising the following three (3) Non-Executive Directors, the majority of whom are independent:-

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)

The Committee shall ensure the appropriate Board balance and size; and that the Board has the required mix of responsibilities, skills and experience. The Nomination Committee shall conduct a review reinforcing with the management of the mix of skills, experience and other core competencies for the Board on an annual basis. The Nomination Committee met once during the financial year ended 30 June 2003.

d) 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 multiples of three, then the number nearest one-third shall retire from office at each Annual General Meeting and shall be eligible for re-election.



CORPORATE GOVERNANCE STATEMENT

e) Directors' Training

All the Directors have attended and completed the KLSE's Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysis Malaysia (RIIAM).

The Directors will continue to attend the Continuing Education Programme ("CEP") on annual basis.

f) Remuneration Committee

The Remuneration Committee comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director:-

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)

The Remuneration Committee shall ensure that the levels of remuneration is sufficient to attract and retain directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the executive directors.

Directors' Remuneration

Group	Fees RM'000	Salaries & Emoluments RM'000	Bonus and Red Packet RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors	91	-	-	383	474
Non-Executive Directors	48	-	-	27	75

The number of directors in each of the relevant remuneration bands is as follows:

	<u>Executive</u>	<u>Non executive</u>
Below RM50,000	-	4
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	1	-
RM200,001 – RM300,000	1	-
	<u>2</u>	<u>4</u>

SHAREHOLDERS

a) Dialogue with Investors

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:

- the Annual Report;
- the various disclosures and announcements made to Kuala Lumpur Stock Exchange including the Quarterly Results and Annual Results

b) General Meetings

The Company's Annual General Meeting ("AGM") serves as a principle forum for Dialogue with shareholders. Extraordinary General Meetings ("EGM") is held as and when required.

ACCOUNT ABILITY AND AUDIT

a) Financial Reporting

The Directors 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.

CORPORATE GOVERNANCE STATEMENT

The financial results were reviewed by the Audit Committee and approved by the Board of Directors before releasing to the KLSE. The details of the Company and the Group's financial statements for the financial year ended 30 June 2003 can be found from page 12 to 47.

b) 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 against material misstatement or loss.

(i) 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.

(ii) 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.

(iii) 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.

c) Relationship with the Auditors

The external auditors, has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention. Annual appointment or re-appointment of the external auditor is via shareholders' resolution at the AGM on the recommendation of the Board.

Other Information

a) Material Contracts Awarded to Directors and Substantial Shareholders

None of the Directors and major shareholders has any material contract with the Company and/or its subsidiaries during financial year under review

b) Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies.

c) Non-Audit Fees

There are no non-audit fees paid to external auditors for the financial year ended 30 June 2003.



FINANCIAL STATEMENT

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DIRECTORS' REPORT

The directors of **ARTWRIGHT HOLDINGS BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended June 30, 2003.

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.

In 2002, 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.

Following the completion and implementation of its financial regularisation plan as mentioned above, the Group ceased to manufacture drafting equipment, office furniture and specialised computer furniture.

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.

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Loss before tax	(8,556,563)	(1,318,756)
Income tax expense	<u>(124,716)</u>	<u>-</u>
Loss after tax	(8,681,279)	(1,318,756)
Minority interests	<u>(8,767)</u>	<u>-</u>
Net loss for the year	<u><u>(8,690,046)</u></u>	<u><u>(1,318,756)</u></u>

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

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares and 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 and be at least eighteen (18) years of age at the date of offer;

DIRECTORS' REPORT

- 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%) or the weighted average market price of the shares of the Company for the five 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 multiple of one thousand 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 1.7.2002	Granted	Exercised	Forfeited	Balance at 30.6.2003
RM1.25	10.6.2002	1,825,000	-	-	(302,000)	1,523,000

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.

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
 - i. 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
Dato' Ong Kim Hoay

In accordance with Article 85 of the Company's Articles of Association, Mr. Yong Chew Keat and Encik Mirzan bin Mahathir retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	Balance at 1.7.2002	Bought	Sold	Balance at 30.6.2003
Shares in the Company				
Registered in name of director				
Direct interest				
Yong Yoke Keong	6,787,846	-	-	6,787,846
Yong Chew Keat	1,925,180	27,000	-	1,952,180
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 1.7.2002	Granted	Exercised	Balance at 30.6.2003
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 and share options in the Company, the directors are deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for professional fees amounting to RM21,346 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 30, 2003



REPORT OF THE AUDITORS TO THE MEMBERS OF ARTWRIGHT HOLDINGS BERHAD

We have audited the accompanying balance sheets as of June 30, 2003 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, 2003 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.



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DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

HIEW KIM TIAM
1717/08/05 (J)
Partner

October 30, 2003

INCOME STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

	Note	The Group		The Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	4	26,065,247	32,689,918	-	-
Other operating income	5	1,760,997	48,486,027	-	-
Purchase of trading merchandise		(21,156,433)	(9,361,111)	-	-
Changes in trading merchandise		1,980,573	(4,594,582)	-	-
Raw materials and consumables used		-	(7,012,729)	-	-
Directors' remuneration	6	(634,517)	(643,105)	(72,000)	(63,000)
Staff costs		(3,236,105)	(6,336,965)	-	-
Depreciation of property, plant and equipment	11	(1,250,863)	(1,759,542)	-	-
Amortisation of intangible assets		(728,223)	(609,546)	-	-
Amortisation of goodwill	12	(209,096)	(209,096)	-	-
Other operating expenses	5	(8,955,930)	(26,740,022)	(186,912)	(354,171)
Profit/(Loss) from operations		(6,364,350)	23,909,247	(258,912)	(417,171)
Finance costs	7	(1,708,318)	(4,967,546)	(1,059,844)	(412,323)
Income from other investments	8	39,570	5,907	-	-
Share of loss of associated company		(523,465)	(442,894)	-	-
Profit/(Loss) before tax		(8,556,563)	18,504,714	(1,318,756)	(829,494)
Income tax expense:					
The Company and its subsidiary companies	9	(7,216)	(3,703)	-	1,297
Share of tax of associated company		(117,500)	-	-	-
		(124,716)	(3,703)	-	1,297
Profit/(Loss) after tax		(8,681,279)	18,501,011	(1,318,756)	(828,197)
Minority interests		(8,767)	(32,866)	-	-
Net profit/(loss) for the year		(8,690,046)	18,468,145	(1,318,756)	(828,197)
Earnings/(Loss) per ordinary share (sen)					
Basic	10	(37)	89		
Fully diluted	10	N/A	84		



BALANCE SHEETS

AS OF JUNE 30, 2003

	Note(s)	The Group		The Company	
		2003 RM	2002 RM	2003 RM	2002 RM
ASSETS					
Property, plant and equipment	11	5,658,115	6,224,977	-	-
Goodwill on consolidation	12	3,139,650	3,348,746	-	-
Investment in subsidiary companies	13	-	-	35,695,922	35,695,922
Investment in associated company	14	15,541,141	16,182,106	16,625,000	16,625,000
Other investments	15	28,000	28,000	-	-
Intangible assets	16	1,940,402	2,001,139	-	-
Current Assets					
Inventories	17	7,092,499	4,372,611	-	-
Trade receivables	18&20	13,684,794	12,780,557	-	-
Other receivables and prepaid expenses	19&20	3,494,065	4,301,128	74,081	32,081
Amount owing by subsidiary companies	20	-	-	7,501,962	10,834,872
Fixed deposits, cash and bank balances	21	3,217,839	7,949,323	2,111,048	277,307
		<u>27,489,197</u>	<u>29,403,619</u>	<u>9,687,091</u>	<u>11,144,260</u>
Current Liabilities					
Trade payables	22	1,465,925	3,961,972	-	-
Other payables and accrued expenses	20&22	4,351,440	4,930,900	459,942	360,304
Amount owing to subsidiary companies	20	-	-	1,079,375	513,768
Amount owing to associated company	20	9,818,114	2,987,038	-	-
Amount owing to directors	23	72,002	243,002	72,002	243,002
Bank borrowings	24	174,530	1,017	-	-
Hire-purchase payables - current portion	25	155,820	103,728	-	-
Lease payables - current portion	26	12,225	-	-	-
Long-term loans - current portion	27	1,202,416	-	-	-
Tax liabilities		8,200	1,000	-	-
		<u>17,260,672</u>	<u>12,228,657</u>	<u>1,611,319</u>	<u>1,117,074</u>
Net Current Assets		10,228,525	17,174,962	8,075,772	10,027,186
Long-Term and Deferred Liabilities					
Hire-purchase payables - non-current portion	25	-	(80,261)	-	-
Lease payables - non-current portion	26	(8,150)	-	-	-
Long-term loans - non-current portion	27	(24,428,751)	(23,464,500)	(16,625,000)	(16,625,000)
Deferred tax liabilities	28	(1,700)	(4,000)	-	-
		<u>(24,438,601)</u>	<u>(23,548,761)</u>	<u>(16,625,000)</u>	<u>(16,625,000)</u>
Minority interests		(89,492)	(80,725)	-	-
Net Assets		<u>12,007,740</u>	<u>21,330,444</u>	<u>43,771,694</u>	<u>45,723,108</u>



BALANCE SHEETS

AS OF JUNE 30, 2003

	Note(s)	The Group		The Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Represented by:					
Issued capital	29	23,236,254	23,236,254	23,236,254	23,236,254
Reserves	30	(22,733,976)	(13,411,272)	9,029,978	10,981,392
Irredeemable Convertible Unsecured Loan Stocks	31	11,505,462	11,505,462	11,505,462	11,505,462
Shareholders' Equity		<u>12,007,740</u>	<u>21,330,444</u>	<u>43,771,694</u>	<u>45,723,108</u>

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2003

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, 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
Net loss for the year		-	-	-	(8,690,046)	(8,690,046)
Interest on ICULS		-	-	-	(632,658)	(632,658)
Balance as of June 30, 2003		<u>23,236,254</u>	<u>11,505,462</u>	<u>11,868,292</u>	<u>(34,602,268)</u>	<u>12,007,740</u>



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The Company	Note	Issued Capital RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Non- distributable Reserve Share Premium RM	Unappropriate Profit / (Accumulated Loss) RM	Total RM
Balance as of July 1, 2001		19,970,000	-	10,935,362	142,406	31,047,768
Net loss 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
Net loss for the year		-	-	-	(1,318,756)	(1,318,756)
Interest on ICULS		-	-	-	(632,658)	(632,658)
Balance as of June 30, 2003		<u>23,236,254</u>	<u>11,505,462</u>	<u>11,868,292</u>	<u>(2,838,314)</u>	<u>43,771,694</u>

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	(8,556,563)	18,504,714	(1,318,756)	(829,494)
Adjustments for:				
Finance costs	1,708,318	4,967,546	1,059,844	412,323
Depreciation of property, plant and equipment	1,250,863	1,759,542	-	-
Amortisation of intangible assets	728,223	609,546	-	-
Share of loss of associated company	523,465	442,894	-	-
Amortisation of goodwill	209,096	209,096	-	-
Allowance for doubtful debts	39,237	710,035	-	-
Bad debts written off	20,833	12,386,404	-	-
Allowance for inventory obsolescence no longer required	(963,645)	-	-	-
Gain on disposal of property, plant and equipment	(305,110)	(37,153,069)	-	-
Waiver of interest on late payment	(209,958)	-	-	-
Rental payable waived	(92,977)	-	-	-
Interest income	(39,570)	(5,907)	-	-
Inventories written off	-	2,275,031	-	-
Allowance for inventory obsolescence	-	2,211,602	-	-
Property, plant and equipment written off	-	973,595	-	-
Intangible assets written off	-	81,751	-	-
Allowance for diminution in value In other investments	-	25,000	-	-
Accrued charges on late payment of Employees Provident Fund no longer required	-	(161,739)	-	-
Waiver of finance costs	-	(7,822,751)	-	-
Operating Profit/(Loss) Before Working Capital Changes	(5,687,788)	13,290	(258,912)	(417,171)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
(Increase)/Decrease in:				
Inventories	(1,756,243)	3,507,956	-	-
Trade receivables	(964,307)	532,960	-	-
Other receivables and prepaid expenses	807,063	(1,500,330)	(42,000)	683,655
Amount owing by subsidiary companies	-	-	3,332,910	113,051
Increase/(Decrease) in:				
Trade payables	(2,496,047)	(3,593,683)	-	-
Other payables and accrued expenses	(968,798)	(565,721)	(358,074)	(1,531)
Amount owing to subsidiary companies	-	-	(67,051)	15,397
Amount owing to associated company	6,831,076	2,987,038	-	-
Amount owing to directors	(171,000)	63,000	(171,000)	63,000
Cash Generated From/(Used In)				
Operations	(4,406,044)	1,444,510	2,435,873	456,401
Additions to intangible assets	(667,486)	(593,392)	-	-
Income tax paid	(2,316)	-	-	-
Income tax refunded	-	18,332	-	18,332
Interest income	39,570	5,907	-	-
Payment of restructuring expenses	-	(2,313,352)	-	-
Net Cash From/(Used In) Operating Activities	(5,036,276)	(1,437,995)	2,435,873	474,733
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	316,000	66,655,500	-	-
Purchase of property, plant and equipment *	(670,442)	(372,519)	-	-
Net Cash From/(Used In) Investing Activities	(354,442)	66,282,981	-	-

CASH FLOW STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

	Note	The Group		The Company	
		2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds/(Repayment) of bank borrowings		-	(29,450,642)	-	-
Proceeds/(Repayment) of long-term loans		2,166,668	(8,073,168)	-	-
Finance costs paid		(1,016,045)	(331,158)	(602,132)	(258,514)
Interest on ICULS paid		(632,658)	-	-	-
Proceeds/(Repayment) of hire-purchase payables		(28,169)	(9,759,262)	-	-
Repayment of lease payables		(4,075)	(1,436,902)	-	-
Net Cash From/(Used In) Financing Activities		485,721	(49,051,132)	(602,132)	(258,514)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(4,904,997)	15,793,854	1,833,741	216,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,948,306	(7,845,548)	277,307	61,088
CASH AND CASH EQUIVALENTS AT END OF YEAR	32	<u>3,043,309</u>	<u>7,948,306</u>	<u>2,111,048</u>	<u>277,307</u>

*During the financial year, the Group acquired property, plant and equipment of RM694,892 (2002 : RM307,763) of which RM24,450 (2002 : RMNil) of the additions were acquired by way of finance lease arrangement. Cash payment for the property, plant and equipment amounted to RM670,442 (2002 : RMNil).

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.

In 2002, 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.

Following the completion and implementation of its financial regularisation plan as mentioned above, the Group ceased to manufacture drafting equipment, office furniture and specialised computer furniture.

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 86 (2002 : 89) and Nil (2002 : 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 30, 2003.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

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.



NOTES TO THE FINANCIAL STATEMENTS

Foreign Currency Conversion

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.

The principal closing rates used in translation of foreign currency amounts are as follows:

	30.6.2003	30.6.2002
Foreign currency	RM	RM
1 United States Dollar	3.80	3.80
1 Singapore Dollar	2.16	2.15
100 Japanese Yen	3.17	3.15
1 Euro	4.35	3.72
1 Australian Dollar	2.28	2.37
1 Denmark Krone	-	1.51
1 Philippine Peso	-	0.11
1 Sterling Pound	-	6.47
1 Canadian Dollar	-	2.42

Income Tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

At each balance sheet date, the Group and Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group and Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will be available to allow the benefits of part or all of the deferred tax asset to be utilised.

Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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.

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%



NOTES TO THE FINANCIAL STATEMENTS

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, 2003.

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-subsiary 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, 2003. 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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 Statements

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

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

4. REVENUE

Analysis of revenue is as follows:

	2003 RM	The Group 2002 RM
Manufacturing and trading of drafting equipment, office furniture and specialised computer furniture	<u>26,065,247</u>	<u>32,689,918</u>



NOTES TO THE FINANCIAL STATEMENTS

5. OTHER OPERATING INCOME/(EXPENSES)

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

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Allowance for inventory obsolescence no longer required	963,645	-	-	-
Gain on disposal of other property, plant and equipment	305,110	111,766	-	-
Refund of interest on bank borrowings overpaid in prior years	231,662	-	-	-
Waiver of interest on late payment	209,958	-	-	-
Rental payable waived	92,977	-	-	-
Realised gain on foreign exchange	77,050	39,892	-	-
Allowance for pricing variance (Note 20)	(3,500,000)	-	-	-
Rental of premises	(54,800)	(56,600)	-	-
Audit fee	(45,900)	(46,400)	(5,300)	(5,300)
Allowance for doubtful debts	(39,237)	(710,035)	-	-
Professional fee payable to a firm in which a director is also a member	(21,346)	(46,901)	-	-
Bad debts written off	(20,833)	(12,386,404)	-	-
Hire of plant, equipment and machinery	(6,115)	(23,133)	-	-
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	-	-
Inventories written off	-	(2,275,031)	-	-
Allowance for inventory obsolescence	-	(2,211,602)	-	-
Property, plant and equipment written off	-	(973,595)	-	-
Intangible assets written off	-	(81,751)	-	-
Allowance for diminution in value in other investments	-	(25,000)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

6. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Company's directors				
Executive directors:				
Fees	91,000	24,000	24,000	24,000
Other emoluments	383,240	450,240	-	-
	474,240	474,240	24,000	24,000
Non-executive directors:				
Fees	48,000	39,000	48,000	39,000
Other emoluments	26,880	26,880	-	-
	74,880	65,880	48,000	39,000
Subsidiary companies' directors				
Executive directors:				
Fees	-	-	-	-
Other emoluments	85,397	102,985	-	-
	85,397	102,985	-	-
Non-executive directors:				
Fees	-	-	-	-
Other emoluments	-	-	-	-
	-	-	-	-
	<u>634,517</u>	<u>643,105</u>	<u>72,000</u>	<u>63,000</u>



The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to approximately RM15,125 (2002 : RM28,150).

7. FINANCE COSTS

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Interest on:				
Long-term loans	1,675,960	1,780,569	1,059,844	412,323
Bank overdrafts	27,694	483,118	-	-
Hire-purchase	4,351	701,432	-	-
Finance lease	313	307,772	-	-
Revolving credits	-	937,282	-	-
Bankers' acceptances	-	582,011	-	-
Short-term loans	-	149,814	-	-
Trust receipts	-	25,381	-	-
Others	-	167	-	-
	<u>1,708,318</u>	<u>4,967,546</u>	<u>1,059,844</u>	<u>412,323</u>

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME FROM OTHER INVESTMENTS

	The Group	
	2003 RM	2002 RM
Interest income on fixed deposits with a licensed bank	39,570	5,907

9. INCOME TAX EXPENSE

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Estimated tax payable:				
Current year	8,200	1,000	-	-
(Over)/Under provision in prior years	1,316	(1,297)	-	(1,297)
	9,516	(297)	-	(1,297)
Deferred tax (Note 28)	(2,300)	4,000	-	-
	7,216	3,703	-	(1,297)
Share of tax of associated company	117,500	-	-	-
	124,716	3,703	-	(1,297)

No provision for taxation has been made for the Company in 2003 as the Company incurred operating losses.

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, reinvestment allowance and unabsorbed capital allowances by a subsidiary company amounting to RM38,682,000 to offset in full the taxable income for the current financial year. The tax saving from the utilisation of unutilised tax losses, reinvestment allowance and unabsorbed capital allowances of that subsidiary company amounted to RM10,831,000.

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

As of June 30, 2003, 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 (2002 : 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, 2003, the cumulative reinvestment allowances claimed by the said subsidiary company totalled RM15,893,000 (2002 : RM15,893,000), which is still subject to agreement by the Inland Revenue Board, of which the full amount has been utilised to offset against business income in prior years.

NOTES TO THE FINANCIAL STATEMENTS

The numerical reconciliation between the accounting profit before tax and income tax expense at the applicable tax rate for 2002 is as follows:

	The Group 2002 RM
Accounting profit before tax	19,156,703
Tax amount at the statutory income tax rate of 28%	5,363,877
Tax effect of expenses that are not deductible for tax purposes	3,703,908
Excess of tax capital allowances over depreciation	682,309
Benefit arising from previously unrecognised tax loss, tax credit or temporary difference:	
Utilisation of unabsorbed tax capital allowances	(4,034,630)
Utilisation of unutilised reinvestment allowances	(3,635,416)
Utilisation of carryforward tax losses	(2,075,048)
Underprovision in prior years	(1,297)
	<u>3,703</u>

As mentioned in Note 3, the tax effects of timing differences which would give rise to net deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. As of June 30, 2003, 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	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax effects of timing differences in respect of:				
Excess of tax capital allowances over book depreciation of property, plant and equipment	(519,200)	(505,500)	-	-
Unutilised tax losses	13,761,700	13,994,800	406,400	78,200
Unabsorbed capital allowances	205,600	57,000	-	-
Others	626,200	626,200	-	-
	<u>14,074,300</u>	<u>14,172,500</u>	<u>406,400</u>	<u>78,200</u>



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

NOTES TO THE FINANCIAL STATEMENTS

10. EARNINGS/(LOSS) PER ORDINARY SHARE

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

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

	The Group	
	2003	2002
	RM	RM
Net profit/(loss) for the year	(8,690,046)	18,468,145
Number of ordinary shares at beginning of year	23,236,254	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	23,236,254	20,691,968
Basic earnings/(loss) per ordinary share (sen)	(37)	89

(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	
	2003	2002
	RM	RM
Net profit/(loss) for the year	(8,690,046)	18,468,145
Adjusted for interest savings on 5.5% ICULS 2002/2007	570,636	201,109
Adjusted net profit (loss) for the year	(8,119,410)	18,669,254

	The Group	
	2003	2002
	UNITS	UNITS
Weighted average number of ordinary shares in issue	23,236,254	20,691,968
Adjusted for:		
ESOS	1,523,000	19,355
5.5% ICULS 2002/2007	5,376,384	1,531,901
Adjusted weighted average number of ordinary shares in issue and issuable	30,135,638	22,243,224
Fully diluted earnings per ordinary share (sen)	N/A	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.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Balance at beginning year	Additions	Disposals	Written off	Balance at end of year
Cost	RM	RM	RM	RM	RM
Freehold land	412,500	-	-	-	412,500
Warehouse, building and renovations	2,057,815	108,868	-	-	2,166,683
Plant and machinery	10,099	9,550	-	-	19,649
Tools, equipment and moulds	3,214,191	315,825	(12,100)	-	3,517,916
Office and computer equipment, furniture and fittings and air-conditioners	12,251,544	236,199	(102,485)	-	12,385,258
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	102,149	-	-	-	102,149
Office and computer equipment, furniture and fittings and air-conditioners under lease	-	24,450	-	-	24,450
Motor vehicles	1,873,121	-	(590,792)	-	1,282,329
Motor vehicles under hire-purchase	693,276	-	(216,220)	-	477,056
Total	20,614,695	694,892	(921,597)	-	20,387,990

The Group	Balance at beginning year	Charge for the year	Disposals	Written off	Balance at end of year
Accumulated Depreciation	RM	RM	RM	RM	RM
Warehouse, building and renovations	614,032	82,784	-	-	696,816
Plant and machinery	84	1,965	-	-	2,049
Tools, equipment and moulds	1,924,515	290,459	(10,080)	-	2,204,894
Office and computer equipment, furniture and fittings and air-conditioners	9,371,969	762,838	(95,682)	-	10,039,125
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	58,963	10,215	-	-	69,178
Office and computer equipment, furniture and fittings and air-conditioners under lease	-	204	-	-	204
Motor vehicles	1,797,161	11,129	(550,992)	-	1,257,298
Motor vehicles under hire-purchase	622,994	91,269	(253,952)	-	460,311
Total	14,389,718	1,250,863	(910,706)	-	14,729,875



NOTES TO THE FINANCIAL STATEMENTS

	Net Book Value		Depreciation
	2003	2002	charge for
	RM	RM	2002
			RM
Freehold land	412,500	412,500	-
Warehouse, building and renovations	1,469,867	1,443,783	108,662
Renovations under hire-purchase	-	-	13,472
Plant and machinery	17,600	10,015	84
Tools, equipment and moulds	1,313,022	1,289,676	226,247
Tools, equipment and moulds under hire-purchase	-	-	62,322
Office and computer equipment, furniture and fittings and air-conditioners	2,346,133	2,879,575	503,512
Office and computer equipment, furniture and fittings and air-conditioners under hire-purchase	32,971	43,186	240,022
Office and computer equipment, furniture and fittings and air-conditioners under lease	24,246	-	337,349
Motor vehicles	25,031	75,960	16,527
Motor vehicles under hire-purchase	16,745	70,282	251,345
Total	5,658,115	6,224,977	1,759,542

In 2002 the Group disposed of its freehold land, building and other manufacturing assets to Steelcase Artwright Manufacturing 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 1 resulted in a gain on disposal of RM37,041,303 to the Group.

Included under property, plant and equipment of the Group as of June 30, 2003 are fully depreciated assets which are still in use, with costs totalling RM3,779,534 (2002 : RM6,825,795).

Also included under property, plant and equipment as of June 30, 2003 are temporary idle property, plant and equipment of the Group with a carrying amount of RM Nil (2002 : RM37,998).

The Group's freehold land and warehouse with a net book value of RM1,581,362 (2002 : RM1,612,681) are charged to certain local banks to secure termed-out and terms loans as mentioned in Note 27.

12. GOODWILL ON CONSOLIDATION

	The Group	
	2003	2002
	RM	RM
Goodwill at beginning of year	5,227,404	5,227,404
Cumulative amortisation at beginning of year	(1,878,658)	(1,669,562)
Current amortisation	(209,096)	(209,096)
Cumulative amortisation at end of year	(2,087,754)	(1,878,658)
	<u>3,139,650</u>	<u>3,348,746</u>

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2003	2002
	RM	RM
Unquoted shares - At cost	<u>35,695,922</u>	<u>35,695,922</u>

NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2003, 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 RM25,000,000. Considering the future prospects and profitability of the subsidiary companies, the directors are of the opinion that no permanent impairment in the value of investment has occurred and therefore no allowance for diminution in value is necessary or required to be made in the financial statements of the Company for the current financial year.

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

Subsidiary company	Effective Equity Interest 2003 and 2002	Principal Activities
Artwright Technology Sdn. Bhd.	100%	Research and development of office interior markets and products and trading of office interior products.
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
Create Space Sdn. Bhd. (formerly known as Artwright Industries Sdn. Bhd.)	100%	Research and development of office interior markets and products and trading of office interior products
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.

14. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Unquoted shares - At cost	16,625,000	16,625,000	16,625,000	16,625,000
Share of post-acquisition loss	(1,083,859)	(442,894)	-	-
	<u>15,541,141</u>	<u>16,182,106</u>	<u>16,625,000</u>	<u>16,625,000</u>

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

	The Group	
	2003 RM	2002 RM
Share of net tangible assets	<u>15,541,141</u>	<u>16,182,106</u>

NOTES TO THE FINANCIAL STATEMENTS

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

Associated Company	Effective Equity Interest 2003 and 2002	Principal Activities
Steelcase Artwright Manufacturing office Sdn. Bhd.	25%	Manufacturing, distributing and marketing of 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, as security for the term loan granted to the Company as mentioned in Note 27.

As of June 30, 2003, 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 RM1,083,000. Considering the future prospects and profitability of the associated company, the directors are of the opinion that no permanent impairment in the value of investment has occurred and therefore no allowance for diminution in value is necessary or required to be made in the financial statements of the Company for the current financial year.

15. OTHER INVESTMENTS

	The Group	
	2003 RM	2002 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)
	<u>25,000</u>	<u>25,000</u>
	<u>28,000</u>	<u>28,000</u>
Market value of quoted shares	<u>2,540</u>	<u>2,300</u>

16. INTANGIBLE ASSETS

	The Group	
	2003 RM	2002 RM
Patents and trademarks	637,883	539,857
Less: Accumulated amortisation	(410,255)	(302,284)
	227,628	237,573
Research and development costs	3,670,726	3,183,017
Less: Accumulated amortisation	(1,957,952)	(1,337,700)
Written off	-	(81,751)
	<u>1,712,774</u>	<u>1,763,566</u>
	<u>1,940,402</u>	<u>2,001,139</u>

NOTES TO THE FINANCIAL STATEMENTS

17. INVENTORIES

	The Group	
	2003 RM	2002 RM
At cost:		
Raw materials	2,327,950	2,552,280
Trading merchandise	<u>6,334,448</u>	<u>4,353,875</u>
	8,662,398	6,906,155
Less: Allowance for inventory obsolescence	<u>(1,569,899)</u>	<u>(2,533,544)</u>
	<u>7,092,499</u>	<u>4,372,611</u>

18. TRADE RECEIVABLES

	The Group	
	2003 RM	2002 RM
Trade receivables	15,658,451	14,714,977
Less: Allowance for doubtful debts	<u>(1,973,657)</u>	<u>(1,934,420)</u>
	<u>13,684,794</u>	<u>12,780,557</u>

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on trade receivables is normally 30 days (2002: 30 days) or contractual periods based on project contract sales. The Group's historical experience in collection of trade receivables falls within the recorded allowances and management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The currency exposure profile of trade receivables is as follows:

	2003 RM	2002 RM
Ringgit Malaysia	14,609,926	12,709,095
Singapore Dollar	1,034,385	2,005,882
United States Dollar	<u>14,140</u>	<u>-</u>
	<u>15,658,451</u>	<u>14,714,977</u>



19. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other receivables	1,853,323	3,331,824	-	-
Recoverable tax credits	245,530	245,530	32,081	32,081
Refundable deposits	1,315,090	580,671	-	-
Prepayments	<u>80,122</u>	<u>143,103</u>	<u>42,000</u>	<u>-</u>
	<u>3,494,065</u>	<u>4,301,128</u>	<u>74,081</u>	<u>32,081</u>

Other receivables arose mainly from amounts receivable from several financial institutions in respect of bank borrowings overpaid in prior years.

Included under other receivables is an amount of RMNil (2002 : RM500,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

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, 2003 are as follows:

Name of related parties	Relationship
Steelcase Artwright Manufacturing 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.

Steelcase Artwright Manufacturing Sdn Bhd (“SAM”) is in discussion with a wholly-owned subsidiary of the Company, Artwright Technology Sdn Bhd (“ATSB”) on pricing variances for goods sold to ATSB. As at the date of the financial statements, the pricing variances have not been finalised. However, an allowance of RM3.5 million for these price variances has been made in the financial statements.

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

	The Group	
	2003 RM	2002 RM
Associated company		
Steelcase Artwright Manufacturing Sdn Bhd.		
Purchases of trading merchandise	19,605,292	8,876,021
Allowance for pricing variance	3,500,000	-
Sales of trading merchandise	<u>356,783</u>	<u>1,471,455</u>
Other related parties		
Steelcase Inc.		
Product launching expenses paid	<u>-</u>	<u>262,580</u>
Lee, Perara & Tan		
Professional fee payable	<u>21,346</u>	<u>46,901</u>

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

	The Company	
	2003 RM	2002 RM
Subsidiary companies		
Interest-free advances and expenses paid on behalf	6,538,797	10,216,191
Management fee receivable	<u>-</u>	<u>104,903</u>

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	
	2003 RM	2002 RM
Other payables and accrued expenses		
Steelcase Inc.	<u>95,250</u>	<u>655,584</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

21. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Fixed deposits with a licensed bank	2,188,577	2,146,913	2,104,510	-
Cash and bank balances	1,029,262	5,802,410	6,538	277,307
	<u>3,217,839</u>	<u>7,949,323</u>	<u>2,111,048</u>	<u>277,307</u>

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 payables is 30 to 100 days (2002 : 90 to 100 days).

The currency exposure profile of trade payables is as follows:

	2003 RM	2002 RM
Ringgit Malaysia	1,419,103	3,181,346
Australian Dollar	32,315	42,857
Singapore Dollar	14,507	63,334
United States Dollar	-	318,575
Denmark Krone	-	351,411
Philippine Peso	-	2,207
Sterling Pound	-	1,735
Canadian Dollar	-	507
	<u>1,465,925</u>	<u>3,961,972</u>



Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other payables	3,724,056	4,237,542	295,448	86
Accrued expenses	627,384	693,358	164,495	360,218
	<u>4,351,440</u>	<u>4,930,900</u>	<u>459,943</u>	<u>360,304</u>

Other payables of the Group in 2003 comprise mainly of outstanding payroll liabilities payable and insurance expenses payable.

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.

Accrued expenses of the Group and Company in 2003 and 2002 comprise mainly accrued loan interest.

23. AMOUNT OWING TO DIRECTORS

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

NOTES TO THE FINANCIAL STATEMENTS

24. BANK BORROWINGS

	The Group	
	2003	2002
	RM	RM
Bank overdrafts (Note 32)	<u>174,530</u>	<u>1,017</u>

A subsidiary company has bank overdrafts and other credit facilities totalling RM175,000 (2002: 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% (2002: 2%) per annum above the base lending rate.

The above bank borrowings utilised are denominated in Ringgit Malaysia.

25. HIRE-PURCHASE PAYABLES

	The Group	
	2003	2002
	RM	RM
Total instalments outstanding	155,820	188,068
Less: Interest-in-suspense	-	(4,079)
Principal outstanding	155,820	183,989
Less: Amount due within 12 months (shown under current liabilities)	<u>(155,820)</u>	<u>(103,728)</u>
Non-current portion	<u>-</u>	<u>80,261</u>

The non-current portion is repayable as follows:

	The Group	
	2003	2002
	RM	RM
Financial years ending June 30,		
2003	-	48,657
2004	-	31,604
	<u>-</u>	<u>80,261</u>

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term for the hire-purchase is about 3 to 5 years. The interest rate implicit to the hire-purchase obligations ranges from 7.21% to 11.66%(2002 : 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.



NOTES TO THE FINANCIAL STATEMENTS

26. LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2003 RM	2002 RM	2003 RM	2002 RM
Amount payable under finance lease:				
Within one year	13,164	-	12,225	-
Within two to five years	8,776	-	8,150	-
	21,940	-	20,375	-
Less: Future finance charges	(1,565)	-	N/A	N/A
Present value of lease payables	<u>20,375</u>	<u>-</u>	20,375	-
Less: Amount due within 12 months (shown under current liabilities)			(12,225)	-
Non-current portion			<u>8,150</u>	<u>-</u>

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	
	2003 RM	2002 RM	2003 RM	2002 RM
Term-out loan	6,839,500	6,839,500	-	-
Term loans	2,166,667	-	-	-
Term loan from related party	16,625,000	16,625,000	16,625,000	16,625,000
Total principal outstanding	25,631,167	23,464,500	16,625,000	16,625,000
Less: Amount due within 12 months (shown under current liabilities)	(1,202,416)	-	-	-
Non-current portion	<u>24,428,751</u>	<u>23,464,500</u>	<u>16,625,000</u>	<u>16,625,000</u>

The non-current portion is repayable as follows:

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Financial years ending June 30,				
2004	-	1,139,916	-	-
2005	2,807,611	2,279,832	-	-
2006	2,807,611	2,279,832	-	-
2007	18,292,695	17,764,920	16,625,000	16,625,000
2008	458,334	-	-	-
2009	62,500	-	-	-
	<u>24,428,751</u>	<u>23,464,500</u>	<u>16,625,000</u>	<u>16,625,000</u>



NOTES TO THE FINANCIAL STATEMENTS

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% (2002 : 6.375%) per annum.

This term loan which is denominated in United States Dollar, 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 in the prior year 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.

During the financial year, a subsidiary company obtained additional long-term loans from two local banks which bear interest at rates ranging from 5.30% to 7.40% per annum. These term loans are repayable in twenty (20) quarterly instalments of RM208,333 and RM125,000 each commencing August, 2003 and September, 2003 respectively.

Both the termed-out loan and new term loans are secured by a first legal charge over the freehold land and warehouse of the Company as mentioned in Note 11.

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

28. DEFERRED TAX LIABILITIES

	The Group	
	2003 RM	2002 RM
Balance at beginning of year	4,000	-
Transfer from income statements (Note 9)	(2,300)	4,000
Balance at end of year	<u>1,700</u>	<u>4,000</u>

The deferred tax liability is in respect of the following:

	The Group	
	2003 RM	2002 RM
Tax effects of timing differences in respect of:		
Excess of tax capital allowances over book depreciation of property, plant and equipment	11,700	18,000
Others	(10,000)	(14,000)
	<u>1,700</u>	<u>4,000</u>

NOTES TO THE FINANCIAL STATEMENTS

29. SHARE CAPITAL

	The Group and The Company	
	2003 RM	2002 RM
Authorised:		
Ordinary shares of RM1 each:		
Balance at beginning of year	1,000,000,000	1,000,000,000
Created during the year	-	-
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Balance at end of year	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1 each:		
Balance at beginning of year	23,236,254	19,970,000
Issued during the year:		
Debt to equity conversion	-	1,908,994
Conversion of 5.5% ICULS 2002/2007	-	1,357,260
	<u>23,236,254</u>	<u>23,236,254</u>
Balance at end of year	<u>23,236,254</u>	<u>23,236,254</u>

In prior 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.

30. RESERVES

	The Group		The Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Non-distributable:				
Share premium	11,868,292	11,868,292	11,868,292	11,868,292
Accumulated loss	(34,602,268)	(25,279,564)	(2,838,314)	(886,900)
	<u>(22,733,976)</u>	<u>(13,411,272)</u>	<u>9,029,978</u>	<u>10,981,392</u>
Share premium				

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

NOTES TO THE FINANCIAL STATEMENTS

31. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	The Group and The Company	
	2003 RM	2002 RM
Balance at beginning of year	11,505,462	-
Issued pursuant to debt restructuring scheme	-	14,410,000
Conversion to share capital (Note 29)	-	(2,904,538)
	11,505,462	11,505,462
Balance at end of year	11,505,462	11,505,462

Pursuant to the Trust Deed dated February 27, 2002 and the debt restructuring scheme as mentioned in Note 1, 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.

In prior 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 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, 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	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash and bank balances	1,029,262	5,802,410	6,538	277,307
Fixed deposits with a licensed bank	2,188,577	2,146,913	2,104,510	-
Bank overdrafts (Note 24)	(174,530)	(1,017)	-	-
	3,043,309	7,948,306	2,111,048	277,307
	3,043,309	7,948,306	2,111,048	277,307

NOTES TO THE FINANCIAL STATEMENTS

33. 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 undertaken trade transactions with its foreign customers/suppliers, operating outside of Malaysia, where the amounts owing by/(to) are exposed to currency translation risks as disclosed in Notes 18 and 22.

(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, 2003 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 customer base so as to limit high credit concentration in a single customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of June 30, 2003, is the carrying amount of these receivables as disclosed in the balance sheet.

(iv) Liquidity risk

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

(v) Cash flow risk

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

Fair values

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

		The Group		The Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
	Notes				
Lease payables	26	20,375	19,567	-	-
Term loans	27	<u>25,631,167</u>	<u>19,464,045</u>	<u>16,625,000</u>	<u>11,314,696</u>

The fair value of the finance lease payables of the Group is estimated using the discounted cash flow analysis based on the average effective interest rates of the Group's finance lease arrangements.

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.



NOTES TO THE FINANCIAL STATEMENTS

34. SEGMENTAL INFORMATION

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

35. 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:

- (a) 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;
- (b) the option is personal to the grantee and is non-assignable;
- (c) 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;
- (d) the options granted may be exercised at anytime within a period of five (5) years from the date of offer; and
- (e) 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 1.7.2002	Granted	Exercised	Forfeited	Balance at 30.6.2003
RM1.25	10.6.2002	<u>1,825,000</u>	<u>-</u>	<u>-</u>	<u>(302,000)</u>	<u>1,523,000</u>

The forfeited ESOS arose mainly from the resignation of several employees of the Group which render their entitlement to the ESOS void as they are no longer employees of the Group.

36. PROFIT GUARANTEE

Pursuant to the listing of the Company on the Second Board of the Kuala Lumpur Stock Exchange on May 21, 1996 and the approval of the subsequent revision of the Stakeholders Agreement dated April 3, 1996, by the shareholders on September 29, 1998, the guarantors, namely Yong Yoke Keong, Yong Chew Keat and Iskandar Holdings Sdn. Bhd., had provided a guarantee that the consolidated profits before taxation of the Company of RM15,960,600 shall be achieved over a period of five years from the financial year ended June 30, 1998 to 2002. As at June 30, 2002, the shortfall in the profit guarantee amounted to RM15,960,000.

In this connection, the guarantors acknowledged their liabilities in relation to the above profit guarantee have crystallised and intend to fully discharge their obligations. Therefore, on July 11, 2002, a concept paper was submitted to the Securities Commission ("SC") on the compensation proposed by the guarantors to seek the regulatory concurrence. Amongst others, the concurrence from the SC will be taken into consideration prior to the decision by the guarantors to implement the proposed compensation for the profit guarantee, which will be subject to the approval from the SC and the shareholders.

STATEMENT BY DIRECTORS

The directors of **ARTWRIGHT HOLDINGS BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of June 30, 2003 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 30, 2003



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

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

YONG YOKE KEONG

Subscribed and solemnly declared by the abovenamed
YONG YOKE KEONG at **KUALA LUMPUR**
this 30th day of October, 2003.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

LOCATION	TENURE	DESCRIPTION	LAND AREA (SQ. FT)	NET BOOK AS AT 30 JUNE 2003 (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	1,806	14 years



STATISTICS OF SHAREHOLDINGS

Analysis of Shareholdings as at 14/11/2003

Authorised Share Capital:	RM1,000,000,000.00
Issued and Fully Paid-up Capital:	RM23,289,595.00
Type of Shares:	Ordinary Shares of RM1.00 each
Voting Rights:	1 Vote per Share

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF SHARES	%
1	1 - 99	16	0.00
665	100 - 1000	657,630	2.82
741	1001 - 10000	2,912,698	12.51
95	10001 - 100000	2,427,806	10.42
23	100001 - 1,164,478	9,948,437	42.72
4	1,164,479 AND ABOVE	7,343,008	31.53
<u>1,529</u>		<u>23,289,595</u>	<u>100.00</u>

STATISTICS OF SHAREHOLDINGS

TOP 30 SHAREHOLDERS

<u>No.</u>	<u>Name of Shareholders</u>	<u>Shares Held</u>	<u>Percentage Held (%)</u>
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AMBANK BERHAD FOR YONG YOKE KEONG</i>	2,576,000	11.06
2.	ISKANDAR HOLDINGS SDN BHD	1,675,520	7.19
3.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG (4966 JTRK)</i>	1,635,200	7.02
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG YOKE KEONG (STAKEHOLDERS)</i>	1,456,288	6.25
5.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG (01-00187-000)</i>	1,090,000	4.68
6.	PERMODALAN NASIONAL BERHAD	999,000	4.29
7.	THAVRON ASSOCIATES LIMITED	960,000	4.12
8.	SPACE CULTURE (M) SDN BHD	917,000	3.94
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG CHEW KEAT (STAKEHOLDERS)</i>	864,712	3.71
10.	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT (4966 JTRK)</i>	700,800	3.01
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ESPRIWASA SDN BHD (STAKEHOLDERS)</i>	663,040	2.85
12.	CHENG KWAI LAN	593,532	2.55
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ISKANDAR HOLDINGS SDN BHD (STAKEHOLDERS)</i>	520,960	2.24
14.	BUMIPUTRA-COMMERCE BANK BERHAD	462,232	1.98
15.	MALAYAN BANKING BERHAD	268,634	1.15
16.	ESPRIWASA SDN BHD	255,480	1.10
17.	LEMBAGA TABUNG HAJI	215,000	0.92
18.	YONG CHEW KEAT	203,000	0.87
19.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT (101AB0858)</i>	184,668	0.79
20.	T-PROPS (MALAYSIA) SDN BHD	183,600	0.79
21.	MALAYSIA NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NON PAR 2)</i>	161,000	0.69
22.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>AUTB PROGRESS FUND</i>	136,000	0.58
23.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SIAW TECK HWA (REM 816-MARGIN)</i>	124,600	0.54
24.	KUALA LUMPUR STOCK EXCHANGE	118,442	0.51
25.	PAB NOMINEE (TEMPATAN) SDN BHD <i>AFFIN BANK BERHAD (LOAN RECOVERY)</i>	111,937	0.48
26.	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HO CHU CHAI</i>	110,000	0.47
27.	CHOA BON KON	104,800	0.45
28.	CHENG KWAI LAN	92,000	0.40
29.	CHEE YING LUEN	85,000	0.36
30.	YEOH AH TU	84,000	0.36



STATISTICS OF SHAREHOLDINGS

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2002/2007 (“2002/2007 ICULS”)

Analysis of ICULS holdings as at 14/11/2003

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF ICULS	%
0	1 - 99	0	0.00
101	100 - 1000	97,568	0.86
87	1001 - 10000	452,984	3.98
29	10001 - 100000	840,780	7.38
2	100001 - 569,564	575,200	5.05
4	569,565 AND ABOVE	9,424,778	82.74
<u>223</u>		<u>11,391,310</u>	<u>100.00</u>

TOP 30 ICULSHOLDERS

No.	Name of ICULSholders	ICULS Held	Percentage Held(%)
1.	MALAYAN BANKING BERHAD	4,635,820	40.70
2.	PAB NOMINEE (TEMPATAN) SDN BHD <i>AFFIN BANK BERHAD (LOAN RECOVERY)</i>	1,931,706	16.96
3.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>RHB BANK BERHAD (ACCOUNT 1)</i>	1,430,000	12.55
4.	HLB NOMINEES (TEMPATAN) SDN BHD <i>HONG LEONG BANK BERHAD (KLM/ATSB)</i>	1,427,252	12.53
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>RHB BANK BERHAD (ACCOUNT 1)</i>	380,000	3.34
6.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN	195,200	1.71
7.	LEONG KEK WONG	100,000	0.88
8.	GAN AH AI	74,200	0.65
9.	TEOH BOON HAN @ TEONG BOON HONG	58,500	0.51
10.	CHOONG YAT CHIN @ CHONG YAT CHIN	55,000	0.48
11.	HEE CHAN WA	53,300	0.47
12.	GOH KIM KEONG	50,000	0.44
13.	TIAM SUEI CHONG	48,000	0.42
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR THAI PIT CHONG</i>	40,000	0.35
15.	TEE BENG CHEE	31,000	0.27
16.	DAN YUEN YU	30,000	0.26
17.	TAN SIOK HWA	25,000	0.22
18.	LEE CHENG NGOR	22,000	0.19
19.	HANG CHUA HWA	20,000	0.18
20.	LOW BENG YEN	20,000	0.18
21.	WONG KEE SIOK	20,000	0.18
22.	WONG HEE KHIEK	19,080	0.17
23.	TAN TIAN LYE	19,000	0.17

STATISTICS OF SHAREHOLDINGS

<u>No.</u>	<u>Name of ICULSholders</u>	<u>ICULS Held</u>	<u>Percentage Held(%)</u>
24.	LIM HOW MING	15,000	0.13
25.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEW TECK WAI (REM 128)</i>	15,000	0.13
26.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR OOI HEONG BENG (REM 108)</i>	15,000	0.13
27.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN YONG HUNG @ TAN YOONG HAN (33L)</i>	15,000	0.13
28.	LOO ENG HWA	14,000	0.12
29.	WONG SUWE LAN	14,000	0.12
30.	FOO MEN @ FOO CHIOW MEN	12,000	0.11

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 14 NOVEMBER 2003

Name of Substantial Shareholders	Direct		Indirect	
	No. of shares held	% held	No. of shares held	% held
Yong Yoke Keong	6,787,846	29.15	-	-
Iskandar Holdings Berhad	2,196,480	9.43	-	-
Mirzan Mahathir	-	-	2,196,480 (1)	9.43
Yong Chew Keat	1,952,180	8.38	-	-

Note:

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

LIST OF DIRECTORS' SHAREHOLDINGS AS EXTRACTED FROM THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 11 NOVEMBER 2003

Name of Directors	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Mirzan Mahathir	-	-	2,196,480 (1)	9.43
Yong Yoke Keong	6,787,846	29.15	-	-
Yong Chew Keat	1,952,180	8.38	-	-
Tan Seng Kee	8,000	0.03	-	-
Hee Teck Ming	1,000	0.004	-	-
Dato' Ong Kim Hoay	-	-	-	-

Note:

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



NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at **Hotel Istana, Permata Executive Meeting Room, 23rd Floor, No. 73 Jalan Raja Chulan, 50200 Kuala Lumpur** on **Monday, 29th December, 2003** at **10.00 a.m.**

1. To receive the Audited Financial Statements of the Company for the year ended 30th June, 2003 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) Mirzan bin Mahathir *Resolution 2*
 - (b) Yong Yoke Keong *Resolution 3*
 - (c) Yong Chew Keat *Resolution 4*
3. To approve the payment of Directors' fees for the year ended 30th June, 2003. *Resolution 5*
4. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration. *Resolution 6*

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

As 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."

Resolution 7

As Special Resolution

i. Proposed Amendment to Article 74 of the Articles of Association of the Company

"THAT the existing Article 74 of the Articles of Association of the Company be deleted in its entirety and substituted as follows:-

"Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members, each member is entitled to vote in person or by proxy or in the case of a corporation by a representative duly authorized. On a show of hands every member present in person or by proxy or by a duly authorized representative shall have one vote and upon a poll every member present in person or by proxy or by a duly authorized representative are entitled to vote and shall have one vote for every share held by such member. A proxy shall be entitled to vote both on a show of hands and on a poll on any question at any general meeting. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company."

Resolution 8

ii. Proposed Amendment to Article 79 of the Articles of Association of the Company

"THAT the existing Article 79 of the Articles of Association of the Company be deleted in its entirety and substituted as follows:-

"The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. Where a member of the company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account."

Resolution 9

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

BY ORDER OF THE BOARD

YEOH CHONG KEAT (MIA 2736)

Secretary

5th December, 2003

KUALA LUMPUR

NOTICE OF TENTH ANNUAL GENERAL MEETING

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

EXPLANATORY NOTE ON SPECIAL BUSINESS

Ordinary Resolution (Resolution 7)

If passed, will allow the Directors of the Company from the date of the Annual General Meeting, authority to issue and allot ordinary shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting.

Special Resolution (Resolutions 8 and 9)

Proposed Amendment to Articles 74 and 79 of the Articles of Association of the Company

If passed, will enable the Company to amend Articles 74 and 79 of the Company's Articles of Association for purpose of facilitating the appointment of proxy in general meetings of the Company.



STATEMENT ACCOMPANYING NOTICE OF TENTH ANNUAL GENERAL MEETING

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

- (a) Mirzan Mahathir
- (b) Yong Yoke Keong
- (c) Yong Chew Keat

2. Details of attendance of directors at board meetings and the place, date and hour of board meetings are contained on page 9 of the Annual Report.

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

Name of Director	Mirzan Mahathir	Yong Yoke Keong	Yong Chew Keat
Nationality	Malaysian	Malaysian	Malaysian
Age	45	44	54
Position in the Company	Chairman	Managing Director/ Chief Executive Officer	Executive Director
Qualification & Working experience	Details as contained on page 6 of the Annual Report	Details as contained on page 6 of the Annual Report	Details as contained on page 6 of the Annual Report
Other directorships of public companies	Worldwide Holdings Berhad Dolomite Corporation Berhad Konsortium Logistik Berhad Dataprep Holdings Berhad Nakamichi Corporation Berhad	None	None
Securities holdings in the Company and its subsidiaries	Details as contained on page 51 of the Annual Report	Details as contained on page 51 of the Annual Report	Details as contained on page 51 of the Annual Report
Family relationship with any director and/or major shareholder of the Company	None	He is the sibling to Yong Chew Keat, the Executive Director and major shareholder of the Company.	He is the sibling to Yong Yoke Keong, the Managing Director and major shareholder of the Company.
Any conflict of interest with the Company	None	None	None
List of convictions for offences within the past 10 years other than traffic offences, if any	None	None	None

Artwright®

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

TENTH ANNUAL GENERAL MEETING

FORM OF PROXY

No. of Ordinary Shares Held

CDS.No.

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

of _____
(Full Address)

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

_____ of _____
(Full Address)

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at **Hotel Istana, Permata Executive Meeting Room, 23rd Floor, No. 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 29th December, 2003 at 10.00 a.m.** and at any adjournment thereof on the following resolutions referred to in the Notice of Annual General Meeting. My/Our proxy is to vote as indicated below:-

RESOLUTION	*FOR	*AGAINST
ORDINARY BUSINESS		
1. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 th June, 2003 and the Directors' and Auditors' Reports thereon		
2. To re-elect Mirzan Mahathir retiring in accordance with Article 85 of the Company's Articles of Association		
3. To re-elect Yong Yoke Keong retiring in accordance with Article 85 of the Company's Articles of Association		
4. To re-elect Yong Chew Keat retiring in accordance with Article 85 of the Company's Articles of Association		
5. To approve the payment of Directors' fees for the financial year ended 30 June 2003.		
6. To re-appoint Messrs Deloitte KassimChan as the Company's Auditors and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS		
As Ordinary Resolution		
7. To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies act, 1965.		
As Special Resolution		
8. To amend Article 74 of the Articles of Association of the Company.		
9. To amend Article 79 of the Articles of Association of the Company.		

*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 _____ 2003

Signature of Member(s) or Common Seal

Notes:-

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