ANNUAL REPORT 2013

AHB Holdings Berhad 274909A

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mirzan Mahathir
Chairman
Non-Independent Non-Executive Director

Yong Yoke Keong
Managing Director / Chief Executive Officer

Dr Folk Jee Yoong
Independent Non-Executive Director

Hee Teck Ming
Independent Non-Executive Director

Chan Chow Hun
Independent Non-Executive Director

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Wong Wei Fong (MAICSA 7006751)

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
CIMB Bank Berhad

REGISTERED OFFICE

B-11-10, Level 11, Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Tel : +603 2166 9718
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Pusat Bandar Puchong
47100 Puchong
Selangor, Malaysia
Tel : +603 5882 2882
Fax : +603 5882 2222
Web : www.ahb.com.my
Email : mailbox@ahb.com.my

INVESTOR RELATIONS

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

SHARE REGISTRAR

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

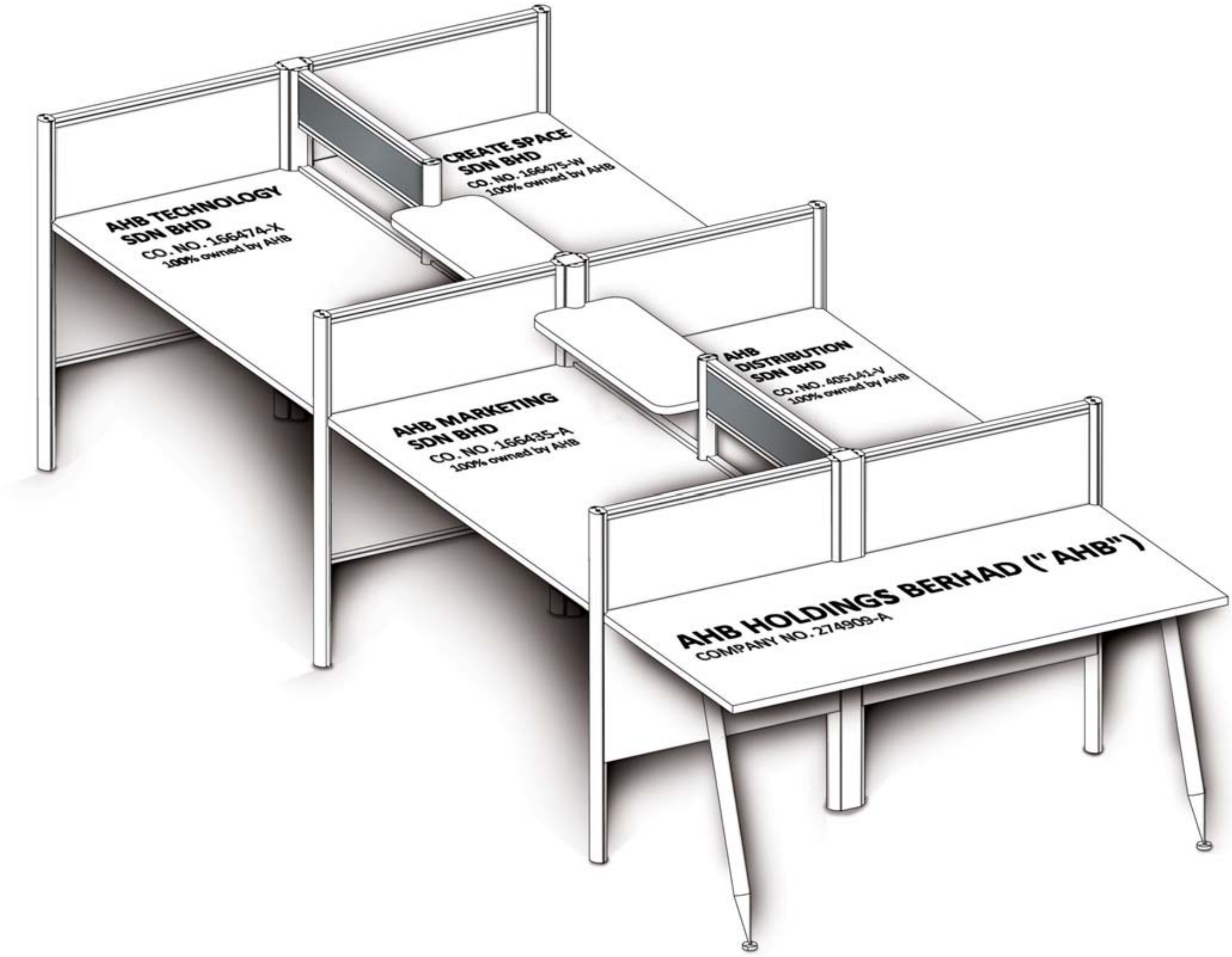
AUDITORS

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

STOCK EXCHANGE LISTING

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

GROUP CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the 2013 Annual Report and Financial Statements of AHB Holdings Berhad ("AHB") for the financial year ended 30 June 2013.

The global economy continues to face downside risks, emanating from developments in several key economies. Policy uncertainties surrounding the US' QE program and the European sovereign debt concerns are expected to weigh on market sentiments and growth prospects. While overall growth performance in most emerging economies including in Asia, will be affected by these developments, domestic demand continues to support the overall growth performance.

In countries such as India where the Group's revenue has a significant exposure to, the weakening of the Indian Rupees exchange has affected the Group's competitive position in comparison with the local suppliers. As a result, it has an adverse effect on the Group's performance. The growth prospects are also being augmented by targeted policy measures. The Group has begun a local focus which will bear fruit in due time.

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

In our strategy to mitigate the risks by new product introduction for a wider and more diversified market reach, the Group has introduced several new product ranges namely System B2, System T1, System B3 and DWS Architectural Wall Systems within the last financial year.

The Group is expecting that these new products will help to penetrate into the new market segments of desking and demountable wall systems. The DWS Architectural Wall Systems for executive and meeting areas have been introduced with successes of encouraging orders. On the other hand, System B3 for open office bench desking system has gained popularity and demand in banking and information technology customers while System T1 and B2 are introduced for executive bench desking, executive office desking and meeting solutions. Thus far, the new products have received positive responses with new orders from multinational corporations in the international market as well as from the local market. The introduction of these new furniture ranges will assist the Group to increase revenue and improve profit margins.

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

CHAIRMAN'S STATEMENT (cont'd)

For the financial year ended 30 June 2013, the Group's revenue decreased significantly by RM4.89 million or 28.12% to RM12.50 million compared to RM17.39 million for the financial year ended 30 June 2012 mainly due to lack of investment in marketing and promotional programs as the Group was facing cash flow constraints. In line with the decrease in revenue, our Group's loss after tax for the year is RM9.20 million compared to RM2.9 million in the preceding financial year, partly contributed by significant provisions for doubtful debts as a prudent accounting approach.

As we have always done in the past, we in AHB believe that we must do business with integrity wherever we are. As such, we will continue our efforts to inculcate a culture of good corporate governance within AHB. For the benefit of Islamic investors, we are pleased to note that we are Syariah compliant.

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

I take this opportunity to thank all our shareholders, bankers, advisors, business associates, customers and relevant government authorities. We sincerely treasure your invaluable support and confidence over the years. We trust you would extend the same support and confidence as we move forward in our expansion plans into the future.

Last but not least, I would like to place on record my gratitude and appreciation to my colleagues on the Board for their wise counsel and consultation.

Mirzan Mahathir
Chairman

BOARD OF DIRECTORS' PROFILE

Mirzan Mahathir, Malaysian, aged 54, is the Non-Independent Non-Executive Chairman of AHB Holdings Berhad ("AHB" or "the Company"). He was appointed to the Board of AHB on 13 March 1996.

He holds a Masters in Business Administration from the Wharton School, University of Pennsylvania, Philadelphia, United States of America and a Bachelor of Science (Honours) Degree in Computer Science from Brighton Polytechnic, England. After obtaining his Masters in Business Administration in 1987, he worked for two years with Salomon Brothers Inc., an investment bank based in New York, USA, as an Investment Banking Associate. From April 1989 to February 1990, he was seconded to the Asia Pacific Investment Banking Department of Salomon Brothers Hong Kong Ltd., where he provided extensive investment banking advice on mergers and acquisitions, privatizations and capital raising. Since his return to Malaysia in March 1990, he was appointed as a director of several public listed companies on Bursa Malaysia Securities Berhad. Currently he is the Chairman and Chief Executive Officer of Crescent Capital Sdn Bhd, a Malaysian investment holding and independent strategic and financial advisory firm which he founded.

He is the Chairman of Malaysian Youth Orchestra Foundation, President of the Asian Strategy and Leadership Institute and a member of the Wharton School Executive Board for Asia.

He does not have any family relationship with other Directors and/or major shareholders of the Company nor does he has any conflict of interest with the Company. He has not been convicted for any offences, other than traffic offences (if any), within the past 10 years.

Mirzan Mahathir attended five (5) out of seven (7) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2013.

Yong Yoke Keong , Malaysian, aged 53, 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 previously was a council member of the Federation of Malaysian Manufacturers (FMM) and he was also the founding Joint Chairman of Institut Perekabentuk Dalaman Malaysia Industry Partners (IPDM-ip).

Yong Yoke Keong is a substantial shareholder of AHB, with direct holding of 6,965,837 ordinary shares.

He does not have any family relationship with other Directors and/or major shareholders of the Company nor does he has any conflict of interest with the Company. He has not been convicted for any offences, other than traffic offences (if any), within the past 10 years.

Yong Yoke Keong attended all the seven (7) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2013.

Embracing a light and geometric design concept, System B2™ strikes with its architectural modernity & meticulous attention to fine details.

BOARD OF DIRECTORS' PROFILE (cont'd)

Dr Folk Jee Yoong, Malaysian, aged 52, was appointed as Director of AHB on 28 May 2013 and is currently the Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of AHB.

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

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

Dr Folk is also a Director of Lion Corporation Berhad, a public listed company.

He does not have any family relationship with other Directors and/or major shareholders of the Company nor does he has any conflict of interest with the Company. He has not been convicted for any offences, other than traffic offences (if any), within the past 10 years.

Dr Folk attended one (1) out of one (1) Board of Directors' Meeting held during the financial year after his appointment.

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

He has a Higher National Diploma in Mechanical Engineering from Humberside College of Higher Education, United Kingdom.

On his return to Malaysia in 1988, he worked with United Technologies Carrier from 1988 to 2000 where his last held position of General Manager, Services. After his graduation in 1982, he worked for several years in aluminium fabrication in the United Kingdom. From 2000 to 2006, he was the Chief Operating Officer of Paracorp Technology Sdn Bhd. He served on the Board of Directors of Artwright Holdings Bhd as an Independent Non-Executive Director from 1996 to 2007. Mr Hee Teck Ming is currently the Building Director of Pan Asia Property Management Sdn Bhd. Prior to joining Pan Asia Property Management Sdn Bhd as the Building Director in 2012, he was with Urusharta Cemerlang Sdn Bhd from 2007 to 2012 as Director of Operations. He was also appointed as the Asset Manager (Operations cum Mechanical and Engineering) to Pavilion REIT Sdn Bhd from 2011 to 2012.

He does not have any family relationship with other Directors and/or major shareholders of the Company nor does he has any conflict of interest with the Company. He has not been convicted for any offences, other than traffic offences (if any), within the past 10 years.

Hee Teck Ming attended one (1) out of one (1) Board of Directors' Meeting held during the financial year after his appointment.

BOARD OF DIRECTORS' PROFILE (cont'd)

Chan Chow Hun, Malaysian, aged 53, was appointed as Director of AHB on 28 May 2013 and is currently the Independent Non-Executive Director of the Company. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of AHB.

He is a CFA Charterholder. He graduated from Universiti Kebangsaan Malaysia with a B.A. (Hons) and went on to acquire a post graduate diploma in Public Management from the National Institute of Public Administration (INTAN) and an MBA from the University of Hawaii.

Chan Chow Hun started his career in the public sector as an officer in the Administrative and Diplomatic Service where he served the Ministry of Energy, Telecommunications and Posts and the Malacca State Financial Office. He then joined the private sector where he has worked in consulting with Arthur Andersen, in project finance with Schroders and in corporate finance and advisory with Intria Berhad and Salcon Berhad. He was subsequently appointed Chief Executive Officer of the internationally affiliated Financial Planning Association of Malaysia.

He does not have any family relationship with other Directors and/or major shareholders of the Company nor does he has any conflict of interest with the Company. He has not been convicted for any offences, other than traffic offences (if any), within the past 10 years.

Chan Chow Hun attended one (1) out of one (1) Board of Directors' Meeting held during the financial year after his appointment.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

CORPORATE SUSTAINABILITY STATEMENT

Environmental Responsibilities

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

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

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

Appealing Design

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

Superior Standards

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

Value Investments

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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of AHB Holdings Berhad ("the Company") takes cognizance of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") issued by the Securities Commission Malaysia in which the Company are required to report its extent of compliance with the MCCG 2012 in the annual report to be published in 2013.

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

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

Principle 1 – Establish clear roles and responsibilities

1.1 Establish clear functions reserved for Board and Management

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

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

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

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

Reviewing and adopting a strategic plan for the Company

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

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

Overseeing the conduct of the Company's business

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

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

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

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

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

Succession planning

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

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

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

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

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

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

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

1.4 Ensure that the Company's strategy promotes sustainability

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

1.5 Procedures to allow Directors access to information and advice

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

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

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

1.7 Formalise periodically review and make public the Board Charter

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

Principle 2 – Strengthen composition

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

The composition of the Nomination Committee comprises exclusively Independent Non-Executive Directors. The Nomination Committee met once during the financial year ended 30 June 2013 to deliberate matters within its terms of reference.

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

The Board currently consists of five (5) members of which none is a female Director. In the event of a vacancy in the Board, the Nomination Committee has been tasked to include the recruitment of female Directors. The Board would endeavour to recruit a female Director and has set itself to meet the Prime Minister's call of having 30% women's representation at boardroom level by year 2016.

The attendance of the Board Committee members for the financial year ended 30 June 2013 is as follows:-

Directors	Audit Committee	Nomination Committee	Remuneration Committee
Yong Chew Keat (Resigned on 28 May 2013)	4/4	1/1	1/1
Danny Ng Siew L'Leong (Resigned on 14 November 2012)	3/3	1/1	1/1
Lim Chee Hoong (Resigned on 14 November 2012)	3/3	1/1	1/1
Dr Folk Jee Yoong (Appointed on 28 May 2013)	1/1	NA	NA
Hee Teck Ming (Appointed on 28 May 2013)	1/1	NA	NA
Chan Chow Hun (Appointed on 28 May 2013)	1/1	NA	NA

NA – Not applicable

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

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

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

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

The aggregate remuneration of the Directors for the financial year ended 30 June 2013 is as follows:

Remuneration (RM)	Executive Director	Non-Executive Director	Total
Directors' Fees*	24,000	68,000	92,000
Salaries & other emoluments	414,540		
Pension Costs – defined contribution plans	49,752		
Bonus			
Benefits-in-kind			
Total	488,292	68,000	556,292

CORPORATE GOVERNANCE STATEMENT (cont'd)

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

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

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

Principle 3 – Reinforce independence

3.1 Undertake an assessment of its Independent Directors annually

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

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

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

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

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

Principle 4 – Foster commitment

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

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

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

There were seven (7) Board of Directors' meetings held during the financial year ended 30 June 2013. The attendance record of the Board for the financial year ended 30 June 2013 is set out below:-

Directors	Designation	Attendance	%
Mirzan Mahathir	Chairman Non-Independent Non-Executive Director	5/7	71
Yong Yoke Keong	Managing Director/Chief Executive Officer	7/7	100
Yong Chew Keat (Resigned on 28 May 2013)	Non-Independent Non-Executive Director	6/6	100
Danny Ng Siew L'Leong (Resigned on 14 November 2012)	Independent Non-Executive Director	3/3	100
Lim Chee Hoong (Resigned on 14 November 2012)	Independent Non-Executive Director	3/3	100
Dr Folk Jee Yoong (Appointed on 28 May 2013)	Independent Non-Executive Director	1/1	100
Hee Teck Ming (Appointed on 28 May 2013)	Independent Non-Executive Director	1/1	100
Chan Chow Hun (Appointed on 28 May 2013)	Independent Non-Executive Director	1/1	100

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

4.2 Ensure Board members have access to appropriate continuing education programmes

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

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

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

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

Directors	Subjects
Mirzan Mahathir	Because of the busy work schedule of the director, no training has been attended to.
Yong Yoke Keong	Because of the busy work schedule of the director, no training has been attended to.
Dr Folk Jee Yoong	• Making the most of the Chief Financial Officer role : Everyone's Responsibility? • Modern SWOT Analysis • How Entrepreneurs Draw On Their Complex Creativity to Generate New Business Value • Brand Valuation • SMEs moving up the Value Chain • Governance, Risk Management and Compliance: What Directors Should Know • From Zero to Hero in under 12 months: The Air Asia Cargo story • How to manage people for high Performance • Master the Speed of Change • Advocacy sessions on disclosure for CEOs and CFOs • Islamic Financing & Marketing – New Perspective • Anti-money laundering & counter terrorism financing compliance • The key components of establishing and maintaining world-class audit committee reporting capabilities • Sustainability and Development Challenges in the Asian Region • MFRS financial statements • Science and technology transforming Malaysia's future • Corporate Political Activities in Emerging Markets • Global Public Practice – Challenges and Opportunities • Competitiveness in Service Industries • Bloomberg FX12 Summit • South East Asia Economic Insight • Bengkel Cadangan Pindaan Akta Kerja 1955 • New Generation of Political Leadership and the Next Ten Years of Chinese Politics • Sustainability Training for Directors & Practitioners • Corporate Governance, Enterprise Risk Management Personal Data Protection Act 2010, Competition Act 2010 • New Boundaries in Tax Law • Applied NLP in Leadership & Coaching • Nominating Committee Program • How CFOs can value add to the Organisation • Stock Liquidity and the Value of Cash Holdings • Natural Capital Accounting • Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers
Hee Teck Ming	Because of the busy work schedule of the director, no training has been attended to.
Chan Chow Hun	Because of the busy work schedule of the director, no training has been attended to.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Principle 5 – Uphold integrity in financial reporting

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

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

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

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

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

In addition, the Audit Committee has in place a policy with regard to the provision of non-audit services by the External Auditors. During the financial year ended 30 June 2013, the non-audit services rendered by the External Auditors were RM8,500.

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

Principle 6 – Recognise and manage risks

6.1 Establish a sound framework to manage risks

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

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

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

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

The Group outsources its internal audit function to an independent professional firm. During the financial year, the internal auditors carried out review of selected key processes of the Company and certain significant subsidiaries, covering high-level internal control framework, financial management, risk management, procurement and inventory management. The total costs incurred by the Company for the internal audit function of the Group during the financial year was RM20,054.50. Details of the internal control system are set out in the Risk Management and Internal Control Statement of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Principle 7 – Ensure timely and high quality disclosure

7.1 Ensure the Company has appropriate corporate disclosure policies and procedures

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

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

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

Principle 8 – Strengthen relationship between Company and shareholders

8.1 Take reasonable steps to encourage shareholder participation at general meetings

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

8.2 Encourage poll voting

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

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

8.3 Promote effective communication and proactive engagements with shareholders

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

This statement is made in accordance with the resolution of the Board dated 13 November 2013.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Company recognises its corporate social responsibility commitments to its various stakeholders, which include investors, clients, suppliers, members of the local communities as well as its employees in which it operates. The Board of Directors of the Company and the Group will ensure that all pertinent matters relating to Corporate Social Responsibility are considered and supported in the Group's operations and administrative processes and are consistent with the Group's stakeholders' best interest.

From time to time, we organized donations of AHB products including desks and workstations to local community schools as part of our social responsibility.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 30 June 2013.

2. SHARE BUY-BACK

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

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No warrants were exercised during the financial year ended 30 June 2013. The Company has not issued any options, warrants or convertible securities in respect of the financial year under review.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme in the financial year ended 30 June 2013.

5. IMPOSITION OF SANCTIONS AND/OR PENALTIES

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

6. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered by the External Auditors to the Group for the financial year ended 30 June 2013 is RM8,500.

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

7. VARIATION IN RESULTS

There is no significant variance in the Company's audited results for the financial year ended 30 June 2013 from the unaudited results as previously announced.

8. PROFIT GUARANTEE

The relevant information was disclosed in the Note 31 to the Financial Statements.

9. MATERIAL CONTRACTS

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

10. RECURRENT RELATED PARTY TRANSACTIONS

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

11. SECURITIES COMMISSION CONDITIONS IMPOSED ON THE COMPANY

The Securities Commission ("SC") has vide its letter dated 26 October 2005 approved under Section 32(5) of the Securities Commission Act, 1993 the waiver from complying with approval conditions as set out in the SC's letter dated 28 January 2002, as follows:

- The Company should ensure full compliance with paragraph 11.12 of the Policies and Guidelines on Issue/Offer of Securities ("SC Issues Guidelines") with regard to the listing of a trading/retailing company on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") or operate a core business for which listing on the Second Board of Bursa Securities is allowed, within 2 years from the date of the decision letter; and

- The Company should eliminate its accumulated losses within 2 1/2 years from the date of the decision letter.

The SC's approval is subject to the condition that the Company or its advisers, Affin Merchant Bank Berhad should submit a detailed proposal to the SC on the Company's plan to eliminate the accumulated losses and the said proposal should also be announced to Bursa Securities.

On item (i) above, the change of the listing status of the Company from the Second Board to the Main Market of Bursa Securities is noted after the merger of the Second Board and the Main Board to form the Main Market of Bursa Securities. For item (ii), the relevant information was disclosed in the Note 32 to the Financial Statements.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

1. Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of AHB Holdings Berhad have pleasure in presenting the following Risk Management and Internal Control Statement of the Group for the financial year ended 30 June 2013 which has been prepared in accordance with the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers".

2. The Board's Responsibility

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

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

The Board is satisfied that the internal control system was generally satisfactory for the financial year under review, and there was a continual process for identifying, evaluating and managing the significant risks faced by the Group.

3. Risk Management

During the financial year, the Internal Audit Department assisted the Audit Committee and Board of Directors on internal control assessments and checks. This provided assessments and feedback through:

- Documenting policies, procedures and process flows in the Working Guidelines and responding to queries from the Audit Committee;
- and Promoting risk awareness and the value and nature of an effective internal control system.

The Internal Audit Department assisted the Audit Committee and Board of Directors by providing assessment and feedback the areas of:

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

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

4. Internal Control System

The key elements ofthe Group's Internal Control System are as follows:-

- Regular reviews and discussions are held to identify and resolve business, financial, and other management issues.
- Roles and responsibilities of delegated authority are clearly defined and set out in the Group's policies and guidelines. These policies and guidelines are reviewed regularly and updated when needed. They can be accessed by all employees to facilitate awareness and compliance.
- The Audit Committee with the assistance of the Internal Audit Department monitors remedial actions on internal control issues identified.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT (cont'd)

5. Internal Audit Function

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

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

During the year in review, the Group's Audit Committee changed to new members, and the Audit Committee is in the process of selecting a new out-sourced Internal Auditor going forward after the termination of the existing one.

The Company has incurred approximately RM20,054.50 for the internal audit work conducted within the Group for the financial year ended 30 June 2013, including the fees for the out-sourced Internal Auditor and a portion of the cost apportioned to the Group's Quality Assurance Manager for the work performed in relation to Internal Audit functions.

6. Weaknesses in internal control that result in material losses

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

7. Review of the Statement by External Auditors

The External Auditors have reviewed thisStatement on Internal Control for the inclusion in the annual report of the Group for the financial year ended· 30 June 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent··with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

AUDIT COMMITTEE REPORT

A. Composition and Attendance

The members of the Audit Committee are as follows :-

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

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

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

B. Terms of Reference

Constitution

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

Membership

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

- At least one member of the Committee :-

  (a) must be a member of the Malaysian Institute of Accountants; or
  (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:-
    (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    (ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  (c) must fulfil such other requirements as prescribed or approved by the Exchange from time to time.

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

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

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

AUDIT COMMITTEE REPORT (cont'd)

Review of the Audit Committee

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

Authority

- The Committee is authorised to investigate any activity within its terms of reference and to seek any information it equires from any employees and all employees are directed to co-operate with any request made by the Committee.
- The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders to attend the meetings where necessary.
- The Committee shall have unrestricted access to both the internal and external auditors and is able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.
- The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions and Duties

The functions of the Committee shall be amongst others:-

(1) To review the following and report the same to the Board of Directors:-
- with the external auditor, the audit plan and the nature and scope of the audit before commencement;
- with the external auditor, the evaluation of the system of internal controls;
- with the external auditor, the audit reports, management letters and management response;
- the assistance given by the Company's employees to the external auditor;
- the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- 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;
- 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;
- any related party transactions and conflict of interest situation that may arise within the Company or Group.
- any letter of resignation from the external auditors; and
- whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.

AUDIT COMMITTEE REPORT (cont'd)

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

(3) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year and to prepare a statement verifying such allocation in the annual reports.

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

Meetings

- Meetings shall be held not less than four times a year.
- The Internal Auditor, other Board members and employees may also attend the Audit Committee meeting upon the invitation of the Committee.
- The Company Secretary or his nominee shall be the Secretary of the Committee.

Reporting Procedures

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

C. Meetings

There were four (4) meetings held during the financial year. During those meetings, the Audit Committee held two (2) private sessions with the External Auditors without the presence of the Executive Directors and management. During the private session, the Audit Committee enquired on the co-operation extended by Management in the course of their audit, the supply of information to facilitate the provision of the information and matters to be brought to the attention of the Audit Committee. The Audit Committee planned its meetings ahead and would obtain the consensus of the members before fixing the dates of the meetings to ensure the attendance of each member. The notice is served at least one week before each meeting and the meeting papers would be provided to each member. The Chairman of the Audit Committee would brief the Board at its meeting on the matters discussed during the Audit Committee's meeting held earlier. The update from the Audit Committee is a permanent agenda on the notice of the Board meeting.

D. Summary of Activities During the Financial Year

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

1. Reviewed the unaudited quarterly financial results prior to submission to the Board for consideration and approval for the announcement to be released.
2. Reviewed the annual audited financial statements, Directors' and Auditors' Reports and other significant accounting issues arising from the audit of the financial year ended 30 June 2013.
3. Reviewed with the External Auditors their audit plans for the financial year ended 30 June 2013 and conducted private meetings with them without the presence of the Executive Directors and management.
4. Reviewed with the Internal Auditors their audit plans, audit reports and status of pending matters.
5. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission to the Board for approval and inclusion in the 2013 annual report.

AUDIT COMMITTEE REPORT (cont'd)

E. Internal Audit Function

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

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

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

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

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

The cost incurred for the internal audit function in respect of the financial year ended 30 June 2013 was RM 20,054.50.

AHB HOLDINGS BERHAD
(Company No. 274909 - A)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013
(In Ringgit Malaysia)

AHB HOLDINGS BERHAD
(Incorporated in Malaysia) **AND**
ITS SUBSIDIARIES

FINANCIAL STATEMENTS

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AHB HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors of **AHB HOLDINGS BERHAD** hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

RESULTS

	Group RM	Company RM
Net loss for the financial year	9,200,147	1,087,948
Attributable to:		
Owners of the parent	9,200,147	
Non-controlling interests	-	
	9,200,147	

DIVIDENDS

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The Directors who have held office during the financial year since the date of the last report are as follows:

Yong Yoke Keong
Mirzan bin Mahathir
Chan Chow Hun (appointed on 28.5.2013)
Dr. Folk Jee Yoong (appointed on 28.5.2013)
Hee Teck Ming (appointed on 28.5.2013)
Yong Chew Keat (resigned on 28.5.2013)
Danny Ng Siew L' Leong (resigned on 14.11.2012)
Lim Chee Hoong (resigned on 14.11.2012)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.20 each			
	Balance as of 1.7.2012 #	**Bought**	**Sold**	**Balance as of 30.6.2013 ##**
Shares in the Company				
Direct interest				
Yong Yoke Keong	10,150,269	-	-	10,150,269
Hee Teck Ming	1,500*	-	-	1,500
Indirect interest				
Mirzan bin Mahathir^	3,294,720	-	-	3,294,720

* Date of appointment as Company Director.
^ Deemed interested by virtue of his interest in Iskandar Holdings Sdn Bhd, the shareholder of the Company.
# Represent ordinary shares of RM1.00 each.
##Represent ordinary shares of RM0.20 each after the capital reduction during the financial year.

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

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Directors has received or become entitled to receive any benefit (except as disclosed in Note 6 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures of the Company.

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

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

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

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

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

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances (cont'd):-

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

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

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

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

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

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

In the opinion of the Directors:-

(a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

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

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

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

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

AUDITORS

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

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

YONG YOKE KEONG

HEE TECK MING

Kuala Lumpur
30 October 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

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

Report on the Financial Statements

We have audited the financial statements of **AHB HOLDINGS BERHAD**, which comprise the Statements of Financial Position of the Group and of the Company as at 30 June 2013, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as enumerated in Notes 1 to 33 and as set out on pages 9 to 66.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for

Company No. 274909-A

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in page 67 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Company No. 274909-A

Report on the Financial Statements (cont'd)

Other Matters

1. As stated in Note 2.4 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the Statements of Financial Position as at 30 June 2012 and 1 July 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the financial year ended 30 June 2012 and related disclosures. We were not engaged to report on the Malaysian Financial Reporting Standards transition comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as at 30 June 2013 and financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO'N.K. JASANI
(NO:708/03/14(J/PH))
CHARTERED ACCOUNTANT

Kuala Lumpur
30 October 2013

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	4	12,472,365	17,391,326	-	-
Other operating income	5	11,517,450	479,405	11,492,000	-
Purchase of trading merchandise		(8,047,771)	(13,139,148)	-	-
Changes in trading merchandise		(2,147,389)	(780,790)	-	-
Directors' remuneration	6	(556,292)	(521,184)	(92,000)	(72,000)
Staff costs	5	(1,676,273)	(1,805,605)	-	-
Depreciation of property, plant and equipment	10	(92,573)	(152,411)	-	-
Finance costs	7	(4,402,066)	(1,113,471)	(226,782)	(247,648)
Other operating expenses	5	(15,367,536)	(3,230,584)	(12,261,166)	(80,733)
Loss before tax		(8,300,085)	(2,872,462)	(1,087,948)	(400,381)
Tax expense	8	(900,062)	-	-	-
Net loss for the financial year		(9,200,147)	(2,872,462)	(1,087,948)	(400,381)
Other comprehensive income for the financial year		-	-	-	-
Total comprehensive loss for the financial year		(9,200,147)	(2,872,462)	(1,087,948)	(400,381)
Loss for the financial year attributable to:					
Owners of the parent		(9,200,147)	(2,872,462)	(1,087,948)	(400,381)
Non-controlling interest		-	-	-	-
		(9,200,147)	(2,872,462)	(1,087,948)	(400,381)

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

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONT'D)

		Group		Company	
	Note	**2013 RM**	**2012 RM**	**2013 RM**	**2012 RM**
Total comprehensive loss attributable to:					
Owners of the parent		(9,200,147)	(2,872,462)	(1,087,948)	(400,381)
Non-controlling interest		-	-	-	-
		(9,200,147)	(2,872,462)	(1,087,948)	(400,381)
Loss per ordinary share (sen)					
Basic	9(a)	(19.11)	(5.97)		
Fully diluted	9(b)	N/A	N/A		

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

		Group			Company		
	Note	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
ASSETS							
Non-current assets							
Property, plant and equipment	10	391,094	366,816	480,846	-	-	-
Goodwill on consolidation	11	1,935,486	1,935,486	1,935,486	-	-	-
Investment in subsidiaries	12	-	-	-	21,800,425	34,005,922	34,005,922
Intangible assets	13	-	-	-	-	-	-
Deferred tax assets	14	2,500,000	2,500,000	2,500,000	-	-	-
Total non-current assets		4,826,580	4,802,302	4,916,332	21,800,425	34,005,922	34,005,922
Current assets							
Inventories	15	7,014,313	9,161,702	9,942,492	-	-	-
Trade receivables	16	7,351,523	13,171,038	13,354,853	-	-	-
Other receivables	17	5,071,126	12,224,656	11,709,058	-	-	-
Tax recoverable		-	147,618	147,618	3,357	10,278	10,278
Amount due from subsidiaries	18	-	-	-	30,500,432	12,656,540	13,239,499
Cash and bank balances		380,229	3,688	804,346	55	55	1,591
Total current assets		19,817,191	34,708,702	35,958,367	30,503,844	12,666,873	13,251,368
Total assets		24,643,771	39,511,004	40,874,699	52,304,269	46,672,795	47,257,290

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 (CONT'D)

	Note	Group 30.6.2013 RM	Group 30.6.2012 RM	Group 1.7.2011 RM	Company 30.6.2013 RM	Company 30.6.2012 RM	Company 1.7.2011 RM
EQUITY AND LIABILITIES							
EQUITY							
Equity attributable to owners of the parent:							
Share capital	19	9,626,280	48,131,398	48,131,398	9,626,280	48,131,398	48,131,398
Share premium	20	3,664,610	3,664,610	3,664,610	3,664,610	3,664,610	3,664,610
Capital reserve	21	21,305,406	-	-	21,305,406	-	-
Accumulated losses		(30,543,961)	(38,543,526)	(35,671,064)	(996,819)	(17,108,583)	(16,708,202)
Total equity		4,052,335	13,252,482	16,124,944	33,599,477	34,687,425	35,087,806
LIABILITIES							
Non-current liabilities							
Bank borrowings	22	2,037,527	3,170,197	3,427,260	1,716,929	1,834,032	2,018,384
Total non-current liabilities		2,037,527	3,170,197	3,427,260	1,716,929	1,834,032	2,018,384
Current liabilities							
Trade payables	23	2,003,885	3,090,619	4,511,945	-	-	-
Other payables	24	10,026,499	15,957,243	14,632,131	6,816,675	187,494	185,984
Amount due to subsidiaries	25	-	-	-	8,974,836	8,974,786	8,974,786
Amount due to Directors	26	3,341,069	2,615,794	341,058	687,859	413,058	341,058
Bank borrowings	22	2,423,091	1,424,669	1,837,361	508,493	576,000	649,272
Tax liabilities		759,365	-	-	-	-	-
Total current liabilities		18,553,909	23,088,325	21,322,495	16,987,863	10,151,338	10,151,100
Total liabilities		20,591,436	26,258,522	24,749,755	18,704,792	11,985,370	12,169,484
Total equity and liabilities		24,643,771	39,511,004	40,874,699	52,304,269	46,672,795	47,257,290

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

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	← Attributable to owners' of the parents →				
	← Non-distributable →				
Group	**Share capital RM**	**Share premium RM**	**Capital reserve RM**	**Accumulated losses RM**	**Total RM**
Balance as at 1 July 2011	48,131,398	3,664,610	-	(35,671,064)	16,124,944
Total comprehensive loss for the financial year	-	-	-	(2,872,462)	(2,872,462)
Balance as at 30 June 2012	48,131,398	3,664,610	-	(38,543,526)	13,252,482
Total comprehensive loss for the financial year	-	-	-	(9,200,147)	(9,200,147)
Transactions with owners:-					
Capital reduction	(38,505,118)	-	21,305,406	17,199,712	-
Balance as at 30 June 2013	9,626,280	3,664,610	21,305,406	(30,543,961)	4,052,335

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONT'D)

	Attributable to owners' of the parents				
	Non-distributable				
Company	**Share capital**	**Share premium**	**Capital reserve**	**Accumulated losses**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**
Balance as at 1 July 2011	48,131,398	3,664,610	-	(16,708,202)	35,087,806
Total comprehensive loss for the financial year	-	-	-	(400,381)	(400,381)
Balance as at 30 June 2012	48,131,398	3,664,610	-	(17,108,583)	34,687,425
Total comprehensive loss for the financial year	-	-	-	(1,087,948)	(1,087,948)
Transaction with owners:-					
Capital reduction	(38,505,118)	-	21,305,406	17,199,712	-
Balance as at 30 June 2013	9,626,280	3,664,610	21,305,406	(996,819)	(33,599,477)

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

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(8,300,085)	(2,872,462)	(1,087,948)	(400,381)
Adjustments for:-				
Impairment loss on trade receivables	328,028	600,000	-	-
Impairment loss on investment in subsidiary	-	-	12,205,497	-
Inventories written off	2,798,217	-	-	-
Depreciation of property, plant and equipment	92,573	152,411	-	-
Other receivables written off	2,124,975	105,351	-	-
Trade receivables written off	10,298,121	-	-	-
Finance costs	4,402,066	1,113,471	226,782	247,648
Gain on disposal of property, plant and equipment	(22,467)	-	-	-
Unrealised loss/(gain) on foreign exchange	61,511	(468,812)	-	-
Operating profit/(loss) before working capital changes	11,782,939	(1,370,041)	11,344,331	(152,733)
Changes in working capital:-				
Inventories	(650,828)	780,790	-	-
Receivables	160,410	(568,322)	-	-
Payables	(11,020,580)	(796,741)	6,617,789	1,510
Directors	725,275	2,274,736	274,801	72,000
Subsidiaries	-	-	(17,843,842)	582,959
Cash generated from operating activities	997,216	320,422	393,079	503,736
Tax refund	6,921	-	6,921	-
Net cash from operating activities	1,004,137	320,422	400,000	503,736

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONT'D)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	24,826	-	-	-
Purchase of property, plant and equipment	(119,210)	(38,381)	-	-
Net cash used in investing activities	(94,384)	(38,381)	-	-
CASH FLOWS FROM FINANCING ACTIVITES				
Finance costs paid	(215,390)	(422,920)	(215,390)	(247,648)
Repayment of borrowings	(317,822)	(659,779)	(184,610)	(257,624)
Net cash used in financing activities	(533,212)	(1,082,699)	(400,000)	(505,272)
NET CHANGE IN CASH AND CASH EQUIVALENTS	376,541	(800,658)	-	(1,536)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,688	804,346	55	1,591
CASH AND CASH EQUIVALENTS AT END OF YEAR	380,229	3,688	55	55

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

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2013

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding.

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

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

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 30 October 2013.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2. BASIS OF PREPARATION (CONT'D)

2.4 First-time Adoption of MFRSs

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The accounting policies set out in Note 3 to the Financial Statements have been applied in preparing the financial statements of the Group and of Company for the financial year ended 30 June 2013, the comparative information presented in these financial statements for the financial year ended 30 June 2012 and in the preparation of the opening MFRS statement of financial position as at 1 July 2011 (the date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the opening statement of financial position of the Group and the Company as at 1 July 2011.

2.5 Standards Issued But Not Yet Effective

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

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

MFRS 9 Financial Instruments

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

2. **BASIS OF PREPARATION (CONT'D)**

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

MFRS 9 Financial Instruments (cont'd)

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

2.6 **Significant Accounting Estimates and Judgements**

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

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

2.6.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimated the useful lives of property, plant and equipment to be within 5 to 10 years and reviews the useful lives of depreciable assets at end of each reporting period. At 30 June 2013 management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The carrying amounts are analysed in Note 10 to the Financial Statements.

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

A 102% (2012: 38%) differences in the expected useful lives of the property, plant and equipment from the management estimates would result in approximately 1% (2012: 2%) variance in the Group's loss for the financial year.

2. **BASIS OF PREPARATION (CONT'D)**

2.6 **Significant Accounting Estimates and Judgements (cont'd)**

2.6.1 Estimation uncertainty (cont'd)

Inventories

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

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

Impairment of loans and receivables

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

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

The carrying amount of the Group's and the Company's loans and receivables at the end of the reporting date are disclosed in Notes 16 and 17 to the Financial Statements. If the present value of estimated future cash flow varies by 3% (2012: 1%) from management estimates, the Group's impairment loss of loans and receivables will variance by approximately 1% (2012: 4%).

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group and Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements and in preparing their opening MFRS statements of financial position as at 1 July 2011 (the transition date to MFRS framework), unless otherwise stated.

3.1 Basis of consolidation

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

Unrealised gains and losses on transactions between Groups of companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

3.2 Subsidiaries

A subsidiary is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

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

3.3 Goodwill

Goodwill represents the excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities of a subsidiary, associate and jointly controlled entity at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position while goodwill arising on the acquisition of associate is included within the carrying amount of investment in associate.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

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

3.2 **Goodwill (Cont'd)**

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent period.

An impairment loss recognised for goodwill should not be reversed in subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed off in these circumstances is measured based on the relative fair values of the operations disposed off and portion of the cash-generating unit retained.

As part of its transition to MFRS framework, the group elected not to restate those business combination that occurred before the date of transition to MFRS. Goodwill arising from acquisitions before 1 July 2011 has been carried forward from the previous FRS framework as at the date of transition.

3.3 **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The costs of property, plant and equipment comprise their purchase costs and any expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the income statements during the financial year in which they incurred. Major renewals and improvements which extended the useful lives of the property, plant and equipment are capitalised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

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

Renovations	10%
Plant and machinery	10%
Tools, equipment and moulds	10%
Office and computer equipment, furniture and fittings and air-conditioners	10% - 20%
Motor vehicles	20%

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

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

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

3.5 Intangible assets

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

The recoverable amount development cost is assessed on a regular basis, including when there is an indication that the assets may be impaired.

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

3.6 **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The cost of trading merchandise comprises the original cost of purchase plus cost of bringing the inventories to their present condition and location.

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

3.7 **Provisions**

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

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

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

3.8 **Financial Instruments**

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Instruments (cont'd)

3.8.1 Financial assets

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

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

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

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

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Instruments (cont'd)

3.8.2 Financial liabilities

After the initial recognition, financial liability is classified as:-

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

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

Other financial liabilities

The Group's and the Company's financial liabilities include bank borrowings, trade and other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.9 Equity instruments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue recognition

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

3.11 Foreign currency transactions and translations

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At the reporting date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling as at that date.

All exchange differences are recognised in the profit and loss.

3.12 Tax expense

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

3.12.1 Current tax

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

3.12.2 Deferred tax

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

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

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

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

3.12 **Tax expense (cont'd)**

3.12.2 Deferred tax (cont'd)

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

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

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

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

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

3.12 **Tax expense (cont'd)**

3.12.2 Deferred tax (cont'd)

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

3.13 **Cash and cash equivalents**

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

3.14 **Employee benefits**

Short term employee benefits

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

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

Defined contribution plans

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

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

3.15 **Borrowings**

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

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

3.15 **Borrowings (cont'd)**

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

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

3.16 **Impairment of financial assets**

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Operating segment

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

3.18 Earnings per ordinary share

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

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

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

3.19 Contingent liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Impairment of non-financial assets

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

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

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

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

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

3.21 Related parties

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

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

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

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

3.21 **Related parties (cont'd)**

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

(i) the entity and the Group are members of the same Group; or
(ii) one entity is an associate or joint venture of the other entity; or
(iii) both entities are joint ventures of the same third party; or
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
(v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group; or
(vi) the entity is controlled or jointly-controlled by a person identified in (a) above; or
(vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

4. **REVENUE**

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

5. **OTHER OPERATING INCOME/(EXPENSES)**

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Audit fees				
- Current year	(93,000)	(93,000)	(25,000)	(25,000)
- Overprovision in prior year	-	(1,810)	-	-
Impairment loss on trade receivables	(328,028)	(600,000)	-	-
Inventories written off	(2,798,217)	-	-	-
Impairment loss on investment in subsidiary	-	-	(12,205,497)	-
Depreciation of property, plant and equipment	(92,573)	(152,411)	-	-
Finance cost (Note 7)	(4,402,066)	(1,113,471)	(226,782)	(247,648)
Foreign exchange (loss)/gain:-				
Unrealised	(61,511)	468,812	-	-
Realised	(680,451)	(527,921)	-	-
Other receivables written off	(2,124,975)	(105,351)	-	-
Trade receivable written off	(10,298,121)	-	-	-
Rental of premises	(251,758)	(221,818)	-	-

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

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Settlement of profit guarantee	11,492,000	-	11,492,000	-
Gain on disposal of property, plant and equipment	22,467	-	-	-

Staff costs include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF and SOCSO for the employees of the Group during the current financial year amounted to RM138,367 (2012: RM184,288) and RM9,840 (2012: RM9,478) respectively.

6. DIRECTORS' REMUNERATION

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Company's directors				
Executive directors:				
Fees	24,000	24,000	24,000	24,000
Salaries and other emoluments	414,540	404,670	-	-
EPF contributions	49,752	44,514	-	-
	488,292	473,184	24,000	24,000
Non-executive directors:				
Fees	68,000	48,000	68,000	48,000
	556,292	521,184	92,000	72,000

7. FINANCE COSTS

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interest on:				
Long-term loans	398,964	412,944	215,390	247,648
Other payables	4,003,102	700,527	11,392	-
	4,402,066	1,113,471	226,782	247,648

8. TAX EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Under provision in prior year	900,062	-	-	-

The numerical reconciliation between the tax expense at the statutory tax rate to tax expenses at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Loss before tax	(8,300,085)	(2,872,462)	(1,087,948)	(400,381)
Tax at the application tax rate at 25 %	(2,075,021)	(718,115)	(271,987)	(100,095)
Tax effects of non-deductible expenses	5,269,583	352,365	3,144,987	100,095
Income not subject to tax	(2,873,000)	-	(2,873,000)	-
Deferred tax assets not recognised	578,500	365,750	-	-
Income tax expense for the financial year	900,062	-	-	-

The Group's and the Company's unutilised tax losses which can be carried forward to offset against future taxable profit amounted to approximately RM28,421,000 and RM427,000 (2012: RM14,485,000 and RM427,000) respectively.

The Group's unabsorbed capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM127,000 (2012: RM97,000).

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

9. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

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

	Group	
	2013	**2012**
	RM	**RM**
Net loss for the year (attributable to owners holders of the parent)	(9,200,147)	(2,872,462)
Number of ordinary shares in Issue	48,131,398	48,131,398
Basic loss per ordinary share (sen)	(19.11)	(5.97)

(b) Fully diluted earnings per ordinary share

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

The diluted earnings per share of the Group in 2013 and 2012 have not been presented as the average fair value of the shares of the Company is lower than the exercise price for the exercise of Warrants 2004/2014 to ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

Group

Cost	**Renovations RM**	**Plant and machinery RM**	**Tools, equipment and moulds RM**	**Office and computer equipment, furniture and fittings and air-conditioners RM**	**Motor vehicle RM**	**Total RM**
Balance as at 1 July 2011	210,000	48,509	848,867	9,787,485	-	10,894,861
Additions	-	-	220	38,161	-	38,381
Balance as at 30 June 2012	210,000	48,509	849,087	9,825,646	-	10,933,242
Additions	85,250	-	-	5,960	28,000	119,210
Disposals	-	-	-	(1,384,434)	-	(1,384,434)
Balance as at 30 June 2013	295,250	48,509	849,087	8,447,172	28,000	9,668,018
Accumulated depreciation						
Balance as at 1 July 2011	75,210	27,588	739,547	9,571,670	-	10,414,015
Charge for the financial year	20,596	4,767	57,013	70,035	-	152,411
Balance as at 30 June 2012	95,806	32,355	796,560	9,641,705	-	10,566,426
Charge for the financial year	20,148	2,886	25,932	41,274	2,333	92,573
Disposals	-	-	-	(1,382,075)	-	(1,382,075)
Balance as at 30 June 2013	115,954	35,241	822,492	8,300,904	2,333	9,276,924
Net carrying amount						
Balance as at 30 June 2013	179,296	13,268	26,595	146,268	25,667	391,094
Balance as at 30 June 2012	114,194	16,154	52,527	183,941	-	366,816
Balance as at 1 July 2011	134,790	20,921	109,320	215,815	-	480,846

11. GOODWILL ON CONSOLIDATION

	Group		
	30.6.2013	**30.6.2012**	**1.7.2011**
	RM	**RM**	**RM**
At beginning/ end of the year	1,935,486	1,935,486	1,935,486

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the cash-generating unit ("CGU"), being the trading units of the Group, is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

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

Growth rate		**Gross margin**		**Discount rate**	
2013	2012	2013	2012	2013	2012
%	%	%	%	%	%
28	11	36	35	5	4

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

(a) Budgeted growth rate

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

(b) Budgeted gross margin

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

(c) Discount rate

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

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

12. SUBSIDIARIES

	Company 30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Unquoted shares, at cost	40,100,922	40,100,922	40,100,922
Less: Accumulated impairment losses	(18,300,497)	(6,095,000)	(6,095,000)
	21,800,425	34,005,922	34,005,922

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

	2013 RM	2012 RM
At 1 July	6,095,000	6,095,000
Impairment loss recognised	12,205,497	-
At 30 June	18,300,497	6,095,000

After considering the future prospects and profitability of the subsidiaries, the Directors are of the opinion that no additional impairment in the value of the investment has occurred and therefore no further allowance for impairment loss is required to be made in respect of investment in subsidiaries in the financial statements of the Company during the financial year.

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

Subsidiaries	Effective Equity Interest 30.6.2013	30.6.2012	1.7.2011	Principal Activities
AHB Technology Sdn. Bhd.	100%	100%	100%	Trading of office furniture and specialised computer furniture
AHB Marketing Sdn. Bhd.	100%	100%	100%	Trading of office interior Products
Create Space Sdn. Bhd.	100%	100%	100%	Trading of office interior products
AHB Distribution Sdn. Bhd.	100%	100%	100%	Trading of office interior products

13. **INTANGIBLE ASSETS**

Group

	Development costs RM
Cost	
Balance as of 1 July 2011/ 30 June 2012/ 30 June 2013	4,529,926
Accumulated amortisation	
Balance as of 1 July 2011/ 30 June 2012/ 30 June 2013	4,529,926
Net carrying amount	
Balance as of 1 July 2011/ 30 June 2012/ 30 June 2013	-

14. **DEFERRED TAX ASSETS**

Deferred Tax Assets

		Group	
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**
Balance as at 30 June	2,500,000	2,500,000	2,500,000

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

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

		Group	
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**
Unutilised tax losses	2,500,000	2,500,000	2,500,000

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

14. DEFERRED TAX ASSETS (CONT'D)

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

	Group			Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Unutilised tax losses	25,921,000	11,985,000	11,212,000	427,000	427,000	427,000
Unabsorbed capital allowances	127,000	97,000	25,000	-	-	-
Temporary differences arising from:						
Property, plant and equipment	(83,000)	(128,000)	(244,000)	-	-	-
Receivables	13,570,000	25,267,000	24,768,000	-	-	-
Inventories	111,000	111,000	108,000	-	-	-
	39,646,000	37,332,000	35,869,000	427,000	427,000	427,000

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

15. INVENTORIES

	Group		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Trading merchandise	7,014,313	9,161,702	9,942,492

	2013 RM	2012 RM
Recognised in profit and loss:-		
Inventories recognised as cost of sales	2,147,389	780,790
Inventories written down	2,798,217	-

16. TRADE RECEIVABLES

	Group		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Trade receivables	10,669,049	34,121,883	33,705,698
Less: Impairment losses	(3,317,526)	(20,950,845)	(20,350,845)
	7,351,523	13,171,038	13,354,853

16. **TRADE RECEIVABLES (CONT'D)**

Movement in allowance for impairment losses of trade receivables:-

	2013 RM	2012 RM
At 1 July	20,950,845	20,350,845
Impairment loss recognised	328,028	600,000
Impairment loss written off	(17,961,347)	-
At 30 June	3,317,526	20,950,845

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on trade receivables is normally 30 (30.6.2012 and 1.7.2011: 30) days or contractual periods based on project contract sales. The Group's historical experience in collection of trade receivables falls within the recorded allowances and management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

17. **OTHER RECEIVABLES**

		Group	
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Non-trade receivables	4,954,012	16,930,626	16,417,027
Less : Impairment lossess	-	(4,823,959)	(4,823,959)
	4,954,012	12,106,667	11,593,068
Refundable deposits	117,114	117,989	115,990
	5,071,126	12,224,656	11,709,058

Movement in allowance for impairment losses of other receivables:-

	2013 RM	2012 RM
At 1 July	4,823,959	4,823,959
Impairment loss written off	(4,823,959)	-
At 30 June	-	4,823,959

18. **AMOUNTS DUE FROM SUBSIDIARIES**

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

18. AMOUNTS DUE FROM SUBSIDIARIES (CONT'D)

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

	Company		
	30.6.2013	**30.6.2012**	**1.7.2011**
	RM	**RM**	**RM**
Amount due from subsidiaries			
AHB Technology Sdn Bhd			
Trade/Non-trade	30,434,641	12,590,749	13,173,708
AHB Distribution Sdn Bhd			
Trade/Non-trade	65,791	65,791	65,791
	30,500,432	12,656,540	13,239,499

19. SHARE CAPITAL

	Group and Company		
	30.6.2013	**30.6.2012**	**1.7.2011**
	RM	**RM**	**RM**
Authorised:			
5,000,000,000 ordinary shares of RM0.20 each (30.6.2012 and 1.7.2011: 1,000,000,000 ordinary shares of RM1.00 each)			
At beginning/end of year	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid:			
At beginning/end of year:			
48,131,398 ordinary shares of RM1.00 each	48,131,398	48,131,398	48,131,398
Capital reduction	(38,505,118)	-	-
At end of year:			
48,131,398 ordinary shares of RM0.20 each (30.6.2012 and 1.7.2011: RM1.00 each)	9,626,280	48,131,398	48,131,398

(a) During the financial year, the Company has undertaken the followings:

i. Reduced its authorised capital from RM1,000,0000,000 comprising of 1,000,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 5,000,000,000 ordinary shares of RM0.20 each.

19. **SHARE CAPITAL (CONT'D)**

(a) During the financial year, the Company has undertaken the followings (cont'd):

ii. Reduced its issued and paid up capital by the cancellation of RM0.80 of the par value of each existing ordinary share of RM1.00 each in the Company thereby reducing the issued and paid-up share capital of the Company by RM38,505,118. The resulting capital reduction enabled the Company to eliminate RM17,199,712 of its accumulated losses and resulted capital reserve of RM21,305,406.

(b) The Company issued free detachable warrants for the issuance of new ordinary shares through a private placement in 2005 (Warrants 2004/2014). As at 30 June 2013, the outstanding Warrants 2004/2014 totaling 5,228,000 have not been exercised.

The salient features of the Warrants are as follows:-

(i) The Warrants shall be issued in registered form and constituted by a Deed Poll to be executed by the Company. The Warrants, which are to be issued with the Placement Shares, are immediately detachable upon allotment and issue of the Placement Shares. The Warrants will be traded separately;

(ii) Each Warrant carries the entitlement to subscribe for one new ordinary share, at the exercise price at any time during the exercise period, subject to the adjustments in accordance with the provisions of the Deed Poll;

(iii) The Warrants can be exercised at any time during the period of ten years commencing from and including the date of issuance of the Warrants and up to and including the expiry date; and

(iv) The exercise price shall be determined based on the Securities Commission Guidelines which stipulate that the exercise price can be set at a discount of not more than ten percent from the 5-day weighted average market price of the ordinary shares at a price-fixing date to be determined by the Board or at the par value of the ordinary shares of RM1 whichever is higher. The exercise price will be subject to adjustments in accordance with the terms and provisions of the Deed Poll and shall be satisfied wholly in cash.

The new ordinary shares to be issued upon the exercise of the Warrants 2004/2014 shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up ordinary shares except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants 2004/2014.

20. SHARE PREMIUM

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

21. CAPITAL RESERVE

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

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

22. BANK BORROWINGS

	Group			Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
Secured						
Term loans	4,460,618	4,594,866	5,264,621	2,225,422	2,410,032	2,667,656
Less: Amount due within 12 months	(2,423,091)	(1,424,669)	(1,837,361)	(508,493)	(576,000)	(649,272)
Non-current portion	2,037,527	3,170,197	3,427,260	1,716,929	1,834,032	2,018,384

The non-current portion is repayable as follows:

	Group			Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
Later than 1 year but not later than 2 years	752,598	1,247,978	1,308,792	338,182	432,000	432,000
Later than 2 year but not later than 5 years	1,284,929	1,922,219	2,118,468	1,378,747	1,402,032	1,586,384
Non-current portion	2,037,527	3,170,197	3,427,260	1,716,929	1,834,032	2,018,384

Company

During financial year ended 30 June 2011, the Company restructured its trust receipts facility to a new term loan. This new term loan bears interest at 2.5% above the base lending rate and is repayable by monthly instalments of RM36,000 each commencing on September 2010 until full settlement of the loan. The new term loan is secured by a personal guarantee of a Director and a corporate guarantee of one of its subsidiaries.

22. BANK BORROWINGS (CONT'D)

Group

The term-out loan bears interest at a rate of 1.0% (30.6.2012 and 1.7.2011: 1.0%) per annum above the lending banks' base lending rates.

The term loans bear interest at a rates ranging from 1.5% to 2.0% (30.6.2012 and 1.7.2011: 1.5% to 2.5%) per annum above the lending banks' base lending rates.

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

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

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

23. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade payables is 30 to 100 (30.6.2012 and 1.7.2011: 30 to 100) days.

24. OTHER PAYABLES

	Group			Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
Non-trade payables	8,480,679	12,037,986	10,301,859	6,702,934	121,330	-
Accrued expenses	1,545,820	3,919,257	4,330,272	113,741	66,164	185,984
	10,026,499	15,957,243	14,632,131	6,816,675	187,494	185,984

Included in other payables of the Group as at 30 June 2013 is an amount of RMNil (30.6.2012 and 1.7.2011: RM10,957,498) due to third party which is unsecured, bear interest at 6.375% (30.6.2012 and 1.7.2011: 6.375%) per annum and with no fixed term of repayment.

Included in other payable of the Group and of the Company is an amount of RM6,469,571 (30.6.2012 and 1.7.2011: Nil) due to third party that resulted from the amount of assigned and offset against the amount of profit guarantee undertaken during the financial year as disclosed in Note 31 to the financial statements.

25. AMOUNTS DUE TO SUBSIDIARIES

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

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

	Company		
	30.6.2013	**30.6.2012**	**1.7.2011**
	RM	**RM**	**RM**
Amount due to subsidiaries			
AHB Marketing Sdn Bhd			
Trade/Non-trade	(8,973,213)	(8,973,163)	(8,973,163)
Create Space Sdn Bhd			
Trade/Non-trade	(1,623)	(1,623)	(1,623)
	(8,974,836)	(8,974,786)	(8,974,786)

26. AMOUNT DUE TO DIRECTORS

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

27. RELATED PARTY DISCLOSURE

Compensation of key management personnel

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

28. FINANCIAL INSTRUMENTS

(i) Categories of Financial Instruments

The table below provides an analysis of financial statements categorised as:-
(i) Loans and receivables (L&R)
(ii) Other financial liabilities (AC) measured at amortised cost

30.6.2013	Carrying amount RM	L&R RM	AC RM
Group			
Financial assets			
Trade receivables (Note 16)	7,351,523	7,351,523	-
Other receivables (Note 17)	5,071,126	5,071,126	-
Cash and bank balances	380,229	380,229	-
	12,802,878	12,802,878	-
Financial liabilities			
Trade payables	2,003,885	-	2,003,885
Other payables (Note 24)	10,026,499	-	10,026,499
Amount due to Directors	3,341,069	-	3,341,069
Bank borrowings (Note 22)	4,460,618	-	4,460,618
	19,832,071	-	19,832,071
30.6.2012			
Financial assets			
Trade receivables (Note 16)	13,171,038	13,171,038	-
Other receivables (Note 17)	12,224,656	12,224,656	-
Cash and bank balances	3,688	3,688	-
	25,399,382	25,399,382	-
Financial liabilities			
Trade payables	3,090,619	-	3,090,619
Other payables (Note 24)	15,957,243	-	15,957,243
Amount due to Directors	2,615,794	-	2,615,794
Bank borrowings (Note 22)	4,594,866	-	4,594,866
	26,258,522	-	26,258,522

28. FINANCIAL INSTRUMENTS (CONT'D)

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

	Carrying amount RM	L&R RM	AC RM
1.7.2011			
Group			
Financial assets			
Trade receivables (Note 16)	13,354,853	13,354,853	-
Other receivables (Note 17)	11,709,058	11,709,058	-
Cash and bank balances	804,346	804,346	-
	25,868,257	25,868,257	-
Financial liabilities			
Trade payables	4,511,945	-	4,511,945
Other payables (Note 24)	14,632,131	-	14,632,131
Amount due to Directors	341,058	-	341,058
Bank borrowings (Note 22)	5,264,621	-	5,264,621
	24,749,755	-	24,749,755
30.6.2013			
Company			
Financial assets			
Amount due from subsidiaries	30,500,432	30,500,432	-
Cash and bank balances	55	55	-
	30,500,487	30,500,487	-
Financial liabilities			
Other payables (Note 24)	6,816,675	-	6,816,675
Amount due to subsidiaries	8,974,836	-	8,974,836
Amount due to Directors	687,859	-	687,859
Bank borrowings (Note 22)	2,225,422	-	2,225,422
	18,704,792	-	18,704,792

28. FINANCIAL INSTRUMENTS (CONT'D)

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

	Carrying amount RM	L&R RM	AC RM
30.6.2012			
Company (cont'd)			
Financial assets			
Amount due from subsidiaries	12,656,540	12,656,540	-
Cash and bank balances	55	55	-
	12,656,595	12,656,595	-
Financial liabilities			
Other payables (Note 24)	187,494	-	187,494
Amount due to subsidiaries	8,974,786	-	8,974,786
Amount due to Directors	413,058	-	413,058
Bank borrowings (Note 22)	2,410,032	-	2,410,032
	11,985,370	-	11,985,370
1.7.2011			
Financial assets			
Amount due from subsidiaries	13,239,499	13,239,499	-
Cash and bank balances	1,591	1,591	-
	13,241,090	13,241,090	-
Financial liabilities			
Other payables (Note 24)	185,984	-	185,984
Amount due to subsidiaries	8,974,786	-	8,974,786
Amount due to Directors	341,058	-	341,058
Bank borrowings (Note 22)	2,667,656	-	2,667,656
	12,169,484	-	12,169,484

28. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management

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

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

(a) Credit risk

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

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

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

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

(i) Receivables

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

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

28. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

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

(a) Credit risk (cont'd)

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

(i) Receivables (cont'd)

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

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

30.6.2013 **Group**	**Gross RM**	**Individually impaired RM**	**Net RM**
Not past due	284,059	-	284,059
Past due 1-30 days	396,948	-	396,948
Past due 61-90 days	5,541	-	5,541
Past due 91-120 days	297,355	-	297,355
More than 121 days	9,685,146	(3,317,526)	6,367,620
	10,669,049	(3,317,526)	7,351,523

30.6.2012 **Group**	**Gross RM**	**Individually impaired RM**	**Net RM**
Not past due	722,608	-	722,608
Past due 1-30 days	578,134	-	578,134
Past due 31-60 days	1,432,992	-	1,432,992
Past due 61-90 days	328,472	-	328,472
Past due 91-120 days	357,432	-	357,432
More than 121 days	30,702,245	(20,950,845)	9,751,400
	34,121,883	(20,950,845)	13,171,038

28. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

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

(a) Credit risk (cont'd)

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

(i) <u>Receivables (cont'd)</u>

The ageing analysis of these trade receivables is as follows (cont'd):-

1.7.2011 **Group**	**Gross** **RM**	**Individually impaired** **RM**	**Net** **RM**
Not past due	5,144,726	-	5,144,726
Past due 1-30 days	3,016,174	-	3,016,174
Past due 31-60 days	944,908	-	944,908
Past due 61-90 days	115,206	-	115,206
Past due 91-120 days	1,344,074	-	1,344,074
More than 121 days	23,140,610	(20,350,845)	2,789,765
	33,705,698	(20,350,845)	13,354,853

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

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

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

As at 30 June 2013, trade receivables of the Group of RM7,067,464 (30.6.2012: RM12,448,430, 1.7.2011: RM8,210,127) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

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

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

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

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

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

(i) Receivables (cont'd)

In respect of trade and other receivables, the Group and the Company are not exposed to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on the historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

(ii) Intercompany balances

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

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

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

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

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

(iii) Financial/corporate guarantees

The Company provides unsecured corporate guarantees to licensed banks in respect of banking facilities totalling RM2,235,000 (30.6.2012: RM2,185,000, 1.7.2011: RM2,597,000) granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by them. As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment.

28. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

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

(b) Liquidity risk

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

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

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

The following are areas of the Group and the Company exposure to liquidity risk.

30.6.2013	**Carrying amount RM**	**Contractual cash flows RM**	**Within 1 year RM**	**1 to 2 years RM**	**2 to 5 years RM**
Group					
Trade payables	2,003,885	2,003,885	2,003,885	-	-
Other payables	10,026,499	10,026,499	10,026,499	-	-
Amount due to Directors	3,341,069	3,341,069	3,341,069	-	-
Bank borrowings	4,460,618	4,743,062	2,364,802	1,008,870	1,369,390
	19,832,071	20,114,515	17,736,255	1,008,870	1,369,390
30.6.2012					
Trade payables	3,090,619	3,090,619	3,090,619	-	-
Other payables	15,957,243	15,957,243	15,957,243	-	-
Amount due to Directors	2,615,794	2,615,794	2,615,794	-	-
Bank borrowings	4,594,866	5,011,773	1,913,763	1,249,930	1,848,080
	26,258,522	26,675,429	23,577,419	1,249,930	1,848,080

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

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

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

(b) **Liquidity risk (cont'd)**

The following are areas of the Group and the Company exposure to liquidity risk (cont'd).

1.7.2011	**Carrying amount RM**	**Contractual cash flows RM**	**Within 1 year RM**	**1 to 2 years RM**	**2 to 5 years RM**
Group (cont'd)					
Trade payables	4,511,945	4,511,945	4,511,945	-	-
Other payables	14,632,131	14,632,131	14,632,131	-	-
Amount due to Directors	341,058	341,058	341,058	-	-
Bank borrowings	5,264,621	6,234,969	1,526,064	1,344,792	3,364,113
	24,749,755	25,720,103	21,011,198	1,344,792	3,364,113
30.6.2013					
Company					
Other payables	6,816,675	6,816,675	6,816,675	-	-
Amount due to subsidiaries	8,974,836	8,974,836	8,974,836	-	-
Amount due to Directors	687,859	687,859	687,859	-	-
Bank borrowings	2,225,422	2,409,390	608,000	432,000	1,369,390
	18,704,792	18,888,760	17,087,370	432,000	1,369,390
30.6.2012					
Other payables	187,494	187,494	187,494	-	-
Amount due to subsidiaries	8,974,786	8,974,786	8,974,786	-	-
Amount due to Directors	413,058	413,058	413,058	-	-
Bank borrowings	2,410,032	2,667,656	576,000	432,000	1,659,656
	11,985,370	12,242,994	10,151,338	432,000	1,659,656
1.7.2011					
Other payables	185,984	185,984	185,984	-	-
Amount due to subsidiaries	8,974,786	8,974,786	8,974,786	-	-
Amount due to Directors	341,058	341,058	341,058	-	-
Bank borrowings	2,667,656	3,027,656	649,272	432,000	1,946,384
	12,169,484	12,529,484	10,151,100	432,000	1,946,384

28. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial Risks Management (cont'd)

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

(c) Foreign currency risk

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

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

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

Group	**30.6.2013** **Denominated in USD** USD RM
Trade receivables	7,894,225
Cash and bank balances	359,264
	30.6.2012 **Denominated in USD** USD RM
Trade receivables	6,114,171
Cash and bank balances	4,286
	1.7.2011 **Denominated in USD** USD RM
Trade receivables	19,289,595
Cash and bank balances	798,829

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

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

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

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

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

	Increase/ (Decrease)	
Group	Profit/(Loss) for the year	Equity
30.6.2013	RM	RM
USD/RM		
- Strengthened 0.09%	7,182	7,182
- Weakened 0.09%	(7,182)	(7,182)
30.6.2012		
USD/RM		
- Strengthened 0.58%	50,456	50,456
- Weakened 0.58%	(50,456)	(50,456)
1.7.2011		
USD/RM		
- Strengthened 0.52%	122,349	122,349
- Weakened 0.52%	(122,349)	(122,349)

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

(d) **Interest rate risk**

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

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

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

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

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

(d) **Interest rate risk**

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

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

30.6.2013	**Group RM**	**Company RM**
Floating rate instruments		
Financial liabilities		
Borrowings	4,460,618	2,225,422
30.6.2012		
Fixed rate instruments		
Financial liabilities		
Other payables	4,072,201	-
Floating rate instruments		
Financial liabilities		
Borrowings	4,594,866	2,410,032
1.7.2011		
Fixed rate instruments		
Financial liabilities		
Other payables	10,957,498	-
Floating rate instruments		
Financial liabilities		
Borrowings	5,264,621	2,667,656

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

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

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

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

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

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

	Profit for the year		Equity	
	+100 bp	-100 bp	+100 bp	-100 bp
Group	RM	RM	RM	RM
30 June 2013	44,606	(44,606)	44,606	(44,606)
30 June 2012	45,949	(45,949)	45,949	(45,949)
1 July 2011	52,646	(52,646)	52,646	(52,646)

	Profit for the year		Equity	
	+100 bp	-100 bp	+100 bp	-100 bp
Company	RM	RM	RM	RM
30 June 2013	22,254	(22,254)	22,254	(22,254)
30 June 2012	24,100	(24,100)	24,100	(24,100)
1 July 2011	26,676	(26,676)	26,676	(26,676)

Fair value of financial instruments

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

29. CAPITAL MANAGEMENT

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

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

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

30. OPERATING SEGMENT

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

Business segment

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

Geographical segment

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

	Revenue	
	2013	**2012**
	RM	**RM**
South-Eastern Asia	2,954,972	2,781,889
Middle East	7,097,957	9,617,719
South-Central Asia	1,906,164	4,755,386
America	513,272	236,332
	12,472,365	17,391,326

Major customers

Revenue from 2 (2012: 2) customers of the Group amounted to RM7,097,058 (2012: RM11,641,916) contributed to more than 57% (2012: 67%) of the Group's revenues.

30. **OPERATING SEGMENT (CONT'D)**

Geographical segment (cont'd)

(ii) Non-current assets

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

31. **PROFIT GUARANTEE**

Pursuant to the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad on 21 May 1996 and the subsequent revision of the profit guarantee agreement approved by the shareholders at an extraordinary general meeting on 29 September 1998, the guarantors, namely Yong Yoke Keong, Yong Chew Keat and Iskandar Holdings Sdn. Bhd. (collectively, referred to as the Guarantors), had provided a guarantee that the consolidated profits before tax of the Group of RM15,960,600 shall be achieved over a period of five (5) years commencing from the financial year ended 30 June 1998 to 2002. As at 30 June 2002, the shortfall in the profit guarantee amounted to RM15,960,000.

In this connection, the guarantors acknowledged their liabilities in relation to the profit guarantee amount have crystallised and intend to fully discharge their obligations.

Accordingly, on 3 November 2003, the Company announced a proposed compensation by the Guarantors for the abovementioned shortfall in profit guarantee involving the following proposals:

(i) Proposed restricted issue of up to 19.670 million five (5) year warrants (Warrants) on a non-renounceable basis to the shareholders of the Company other than the Guarantors and/or person connected to the Guarantors (Entitled Shareholders) at a date to be determined later; and

(ii) Proposed offer by the Guarantors to purchase the Warrants from the Entitled Shareholders after the listing of the Warrants on Bursa Malaysia Securities Berhad (collectively, referred to as the Proposed Settlement).

On 21 January 2004, the Company submitted the applications on the Proposed Settlement to the relevant authorities which have given their conditional approval to the Proposed Settlement vide their letter dated 9 December 2005.

The Securities Commission (referred to as the SC) vide its letter dated 20 December 2005 approved the Company's application for an extension of time until 7 June 2006 to complete the Proposed Settlement. Subsequently, an application was made on 6 June 2006 for an extension of time for a further six (6) months to 7 December 2006.

31. PROFIT GUARANTEE (CONT'D)

The SC vide its letter dated 13 August 2006 did not approve the application for the extension of time. The Directors are continuing to deliberate on the next course of action in relation to the Proposed Settlement, and understand that the Guarantors are exploring various options to arrive at a solution to the Proposed Settlement, and will keep the SC abreast accordingly.

Subsequently, the Board of Directors has been in active discussions within the Board, and with the management and also with third parties to arrive at a resolution of this matter. There have been various discussions with the SC in finding the best way to resolve this matter.

Following the deduction of a sum equivalent to twenty eight percent (28%) of the Aggregate Guaranteed Amount (on account of the income tax payable in respect of the Aggregate Guaranteed Amount), the amount owing by the Guarantors to AHB in settlement of the Aggregate Guaranteed Amount is RM11,492,000 only.

Dexx Technology Sdn. Bhd. ("Dexx"), on behalf of Guarantors, is desirous of setting the Profit Guarantee amount had on 20 June 2013 entered into a Debt Set Off and Repayment Agreement with the Company, AHB Technology Sdn. Bhd. and AHB Marketing Sdn. Bhd. ("AHB Entities") agreed to settle the Profit Guarantee Amount and set off the trade debt owing by the AHB Entities to Dexx as disclosed in Note 24 to the financial statements.

Consequently, the profit guarantee amount have been settled and the guarantors have fully discharged their obligation.

32. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

Capital Reduction

(i) On 21 May 2012, the Company announced the proposal to undertake the reduction of the issued and paid up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 via the cancellation of RM0.80 of the existing par value of each ordinary share of RM 1 each in the Company ("Par Value Reduction").

The shareholders of the Company had approved the Par Value Reduction at an Extraordinary General Meeting held on 28 June 2012.

On 6 September 2012, the High Court of Malaya granted an order confirming the Par Value Reduction.

On 3 October 2012, the Par Value Reduction was lodged with the Companies Commission of Malaysia and accordingly, the Par Value Reduction took effect on 3 October 2012.

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

(ii) On 19 August 2013, Maybank Berhad has initiated a legal proceeding against AHB Technology Sdn. Bhd., a subsidiary of the Company, by serving a Writ of Summon dated 14 August 2013 together with Statement of Claimed dated 13 August 2013, for the total amount due and owing by AHB Technology Sdn. Bhd. to Maybank Berhad under the term loan facilities is RM1,139,016.57 as at 3 March 2013, plus the interest accrued therein until the date of full settlement. The next case management is on 14 November 2013 and hearing for summary judgement is on 21 November 2013.

The Directors are of the opinion that the Company is solvent and will be able to negotiate for a settlement arrangement with the bank.

(iii) On 29 April 2013, AHB Entities received a notice of assignment from Steelcase Inc, on behalf of itself, Steelcase Asia Pacific Holdings LLC and Steelcase Manufacturing (Malaysia) Sdn Bhd (collectively "Steelcase Entities") informing the AHB Entities that the outstanding sum owing by the AHB Entities to the Steelcase Entities being trade debts accrued have been transferred and assigned to Dexx. The said outstanding sum has been confirmed to be RM17,877,366.01.

On 20 June 2013, AHB Entities entered into a Debt Set Off and Repayment Agreement with Dexx, pursuant to the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad on 21 May 1996 and the subsequent revision of the profit guarantee agreement approved by the shareholders in an extraordinary general meeting on 29 September 1998, the guarantors, namely Yong Yoke Keong, Yong Chew Keat and Iskandar Holdings Sdn. Bhd. (collectively, referred to as the Guarantors), had provided a guarantee that the consolidated profits before tax of the Company of RM15,960,600 shall be achieved over a period of five (5) years commencing from the financial year ended 30 June 1998 to 2002. As at the date of this announcement, the shortfall in the profit guarantee amounted to RM15,960,000 ("Aggregate Guarantee Amount").

Following the deduction of a sum equivalent to twenty eight percent (28%) of the Aggregate Guaranteed Amount (on account of the income tax payable in respect of the Aggregate Guaranteed Amount), the amount owing by the Guarantors to AHB in settlement of the Aggregate Guaranteed Amount is RM11,492,000 only.

In this connection, the Guarantors acknowledged their liabilities in relation to the Profit Guarantee Amount have crystallised and intend to fully discharge their obligations.

Dexx, on behalf of the Guarantors, is desirous of settling the Profit Guarantee Amount and the AHB Entities are desirous of settling the Trade Debt and have entered into Agreement to set-off the said Profit Guarantee Amount and Trade Debt in accordance with the terms and conditions contained therein.

These transaction have been completed as at 30 June 2013.

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

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

The Proposed Rights Issue of Shares with Warrants are subject to the approval from Bursa Malaysia Securities Berhad, shareholders of the Company and any other relevant authority and/or person, if required.

33. COMPARATIVE INFORMATION

The comparative figures of the Group had been reclassified to conform to current year presentation:-

	Group	
1.7.2011	**As reclassified RM**	**As previously reported RM**
Current assets		
Trade receivables	13,354,853	16,955,139
Other receivables	11,709,058	8,108,772

34. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

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

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total accumulated losses of the Company and its subsidiaries				
- Realised	(41,823,532)	(37,210,299)	(996,819)	(17,108,583)
- Unrealised	2,438,489	2,031,188	-	-
	(39,385,043)	(35,179,111)	(996,819)	(17,108,583)
Less: Consolidation adjustments	8,841,082	(3,364,415)	-	-
Total accumulated losses as per consolidated financial statements	(30,543,961)	(38,543,526)	(996,819)	(17,108,583)

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

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The Directors of **AHB HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of their financial performance and cash flows for the financial year then ended.

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

YONG YOKE KEONG

HEE TECK MING

Kuala Lumpur
30 October 2013

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

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

YONG YOKE KEONG

Subscribed and solemnly declared by the
abovenamed at **KUALA LUMPUR** this
30 October 2013
Before me,

COMMISSIONER FOR OATHS
S.ARULSAMY (W.490)

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital:	RM200,000,000.00
Issued and Fully Paid-up Capital:	RM9,626,279.60 comprising 48,131,398 ordinary shares of RM0.20 each
Class of Shares:	Ordinary Shares of RM0.20 each
Voting Rights:	1 vote per Ordinary Share

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 OCTOBER 2013

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	60	4.02	3,138	0.01
100 - 1,000	160	10.73	106,626	0.22
1,001 - 10,000	905	60.70	3,320,474	6.90
10,001 - 100,000	314	21.06	11,879,038	24.68
100,001 - 2,406,568 (*)	49	3.29	16,509,040	34.30
2,406,569 AND ABOVE (**)	3	0.20	16,313,082	33.89
TOTAL :	1,491	100.00	48,131,398	100.00

REMARK :

* - Less than 5% of the issued shares

** - 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS AS AT 30 OCTOBER 2013

	---Direct---		---Indirect--	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Mirzan Mahathir	-	-	-	-
Yong Yoke Keong	6,965,837	14.47	-	-
Chan Chow Hun	-	-	-	-
Dr Folk Jee Yong	-	-	-	-
Hee Teck Ming	1,500	-*	-	-

* Negligible

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 OCTOBER 2013

No.	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Yong Yoke Keong	6,965,837	14.47		
2.	Dexx Technologies Sdn Bhd	9,352,282	19.43		
3.	Dato' Tiong Kwing Hee	-	-	9,352,282*	19.43
4.	Muhamad Fazil Bin Khalid	-	-	9,352,282*	19.43

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

LIST OF TOP 30 SHAREHOLDERS AS AT 30 OCTOBER 2013

No.	Name	No. of Shares	%
1	Dexx Technologies Sdn Bhd	9,352,282	19.43
2	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Yoke Keong	4,508,000	9.37
3	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Yoke Keong (4966 JTRK)	2,452,800	5.10
4	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Wing Wah (8057372)	1,338,300	2.78
5	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Chew Keat (4966 JTRK)	1,051,200	2.18
6	HLIB Nominees (Asing) Sdn Bhd Pledged Securities Account for Livermore Investment Fund (CCTS)	1,036,300	2.15
7	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Yook Chu @ Ang Yoke Fong (8076574)	949,100	1.97
8	Cheng Kwai Lan	885,298	1.84
9	Khor Loi Kim @ Ko Loi Kim	700,000	1.45
10	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad	693,348	1.44
11	Ang Yook Chu @ Ang Yoke Fong	685,200	1.42
12	Lee Choon Lim	542,200	1.13
13	Liew Fook Meng	526,100	1.09
14	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Chal Ying (8081129)	462,000	0.96
15	Teoh Boon Han @ Teong Boon Hong	436,500	0.91
16	Tang Peng Huat	435,000	0.90
17	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Chee Yang (CHU0328C)	390,000	0.81
18	Thavron Associates Limited	354,550	0.74
19	Voon Sze Lin	339,900	0.71
20	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Capital Management Sdn Bhd (EPF)	321,000	0.67
21	Lim Ken Hong	302,200	0.63
22	Ooi Ee Lee	302,000	0.63
23	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tee Chee Chiang (M55008)	289,600	0.60
24	Ng Chin Chuang	258,800	0.54
25	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Chal Ying (Setia A-CL)	228,000	0.47
26	Chia Aun Kee @ Angela	221,000	0.46
27	Tan Teck Peng	220,000	0.46
28	Chow Dai Ying	200,000	0.42
29	Tiam Suei Chong	193,916	0.40
30	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Voon Jye Yng	187,796	0.39

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)

ANALYSIS OF WARRANT HOLDINGS

Total Number of Warrants Issued	:	RM5,228,000.00
Total Number of Outstanding Warrants	:	RM5,228,000.00
Exercise Price of Warrants	:	RM0.20

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 OCTOBER 2013

Size of Holdings	No. of Holders	%	No. of Warrants	%
1- 99	0	0.00	0	0.00
100 – 1,000	85	92.39	11,000	0.21
1,001 – 10,000	2	2.17	4,800	0.09
10,001 – 100,000	1	1.09	51,100	0.98
100,001 – 261,399 (*)	0	0.00	0	0.00
261,400 AND ABOVE (**)	4	4.35	5,161,100	98.72
TOTAL	92	100.00	5,228,000	100.00

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

The Directors do not have any direct or deemed interest in the Warrants 2004/2014.

LIST OF TOP 30 WARRANT HOLDERS AS AT 30 OCTOBER 2013

No.	Name	No. of Warrants	%
1	Trident Target Sdn Bhd	2,278,000	43.57
2	Thavron Associates Limited	1,818,400	34.78
3	Thavron Associates Limited	631,600	12.08
4	HLIB Nominees (Asing) Sdn Bhd Pledged Securities Account for Livermore Investment Fund (CCTS)	433,100	8.28
5	JS Nominees (Asing) Sdn Bhd Richmond State Corporation (RI058)	51,100	0.98
6	Lee Eng Min	2,700	0.05
7	Goh Eng Hoo	2,100	0.04
8	Chow Heng Liu	1,000	0.02
9	Lee Chee Siong	1,000	0.02
10	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mak Kam Loong (E-KPG/BKI)	500	0.01
11	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chee Beng (E-PPG)	400	0.01
12	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Azman Bin Mohd Masmok (MOH3938C)	100	0.00
13	Albert Lee Way Leong	100	0.00
14	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ronie Tan Choo Seng (8060347)	100	0.00
15	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chin Luan (8077377)	100	0.00
16	Ang Yook Chu @ Ang Yoke Fong	100	0.00
17	Aw Tai-Jak	100	0.00
18	Bernice Low Sue Lyn	100	0.00
19	Cheah Boon Wah	100	0.00
20	Chew Chin Chin	100	0.00

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)

LIST OF TOP 30 WARRANT HOLDERS AS AT 30 OCTOBER 2013 (cont'd)

No.	Name	No. of Warrants	%
21	Chia Ah Moy @ Chia Chee Eng	100	0.00
22	Chiang Heng Gin	100	0.00
23	Chong Fatt Choy	100	0.00
24	Chong Kok Yuen	100	0.00
25	Chong Wah Plastics Sdn Bhd	100	0.00
26	Chong Wai Ling	100	0.00
27	Choo Woon Kiet	100	0.00
28	Choy Wee Herng	100	0.00
29	Choy Yot Fah	100	0.00
30	Chua Yee Ping	100	0.00

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of the Company will be held at 17, Jalan Industri PBP 11, Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan on Tuesday, 10 December 2013 at 10.00 a.m. to transact the following businesses:

AGENDA

	As Ordinary Business	
1	To receive the Audited Financial Statements for the financial year ended 30 June 2013 and the Reports of Directors and Auditors thereon.	Please refer to Explanatory Note 1
2	To re-elect Mr Yong Yoke Keong who is retiring by rotation as a Director of the Company pursuant to Article 85 of the Company's Articles of Association.	Ordinary Resolution 1
3	To re-elect Dr Folk Jee Yoong who is retiring as a Director of the Company pursuant to Article 92 of the Company's Articles of Association.	Ordinary Resolution 2
4	To re-elect Mr Hee Teck Ming who is retiring as a Director of the Company pursuant to Article 92 of the Company's Articles of Association.	Ordinary Resolution 3
5	To re-elect Mr Chan Chow Hun who is retiring as a Director of the Company pursuant to Article 92 of the Company's Articles of Association.	Ordinary Resolution 4
6	To approve the payment of Directors' Fees of RM92,000.00 for the financial year ended 30 June 2013.	Ordinary Resolution 5
7	To re-appoint Messrs SJ Grant Thornton as the Auditors of the Company and authorise the Directors to determine their remuneration.	Ordinary Resolution 6
	As Special Business To consider and if thought fit, to pass the following resolutions, with or without modifications:-	
8	**AUTHORITY TO ISSUE SHARES** "THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten per centum (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."	Ordinary Resolution 7
9	**RETENTION OF INDEPENDENT DIRECTOR** "THAT subject to the passing of Resolution 3, approval be and is hereby given to Mr Hee Teck Ming, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."	Ordinary Resolution 8

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (cont'd)

10	**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")** "THAT the Articles of Association of the Company be and are hereby amended in the form and manner as set out in Appendix I. AND THAT the Board of Directors be and are hereby authorised to do all such acts and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."	Special Resolution 1
11	To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.	

BY ORDER OF THE BOARD

WONG WEI FONG (MAICSA 7006751)
Secretary

Kuala Lumpur
15 November 2013

Notes:

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 61(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 2 December 2013. Only depositor whose name appears on the Record of Depositors as at 2 December 2013 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.
2. A member shall be entitled to appoint up to a maximum of two (2) proxies to attend and vote in his stead and where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar of the Company situated at Lot 6.05, Level 6, KMPG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 10 a.m., Sunday, 8 December 2013, or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (cont'd)

Explanatory Note on Ordinary and Special Business:

1. **Item 1 of the Agenda**

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

2. **Item 6 of the Agenda**

   The proposed Ordinary Resolution 5 is in accordance with Article 94 of the Company's Articles of Association and if passed, will authorize the payment of Directors' Fees to the Directors of the Company for their services as Directors for the financial year ended 30 June 2013.

3. **Item 8 of the Agenda**

   The proposed Ordinary Resolution 7, if passed, will authorize the Directors of the Company to issue not more than ten per centum (10%) of the issued share capital of the Company subject to the approvals of all relevant governmental/regulatory bodies. This authorization will empower the Directors of the Company to issue shares notwithstanding that the authorization has ceased to be in force if the shares are issued in pursuance of an offer, agreement or option made or granted by the Directors while the authorization was in force. This authorization will expire at the conclusion of the next Annual General Meeting of the Company.

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate").

   As such, the previous mandate was not utilized and accordingly no proceeds were raised.

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

4. **Item 9 of the Agenda**

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

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

5. **Item 10 of the Agenda**

   The proposed Special Resolution 1, if passed, will enable the Company to amend its Articles of Association to be in line with the Main Market Listing Requirements.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (cont'd)

Appendix I

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

	Existing Articles	Proposed Amendments
2		**Exempt Authorised Nominee** **An authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act**
6	(b) No Director shall participate in an issue of shares, whether pursuant to a public offer of a public issues or options to employees of the Company unless the shareholders in general meetings have approved of the specific allotment to be made to such Director;	**b) No Director shall participate in a scheme involving a new issuance of shares to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director;**
5.6	An annual general meeting of the Company shall be held in accordance with the provisions of the Act. All general meetings other than the annual general meetings shall be called extraordinary general meetings. All general meetings shall be held at such time and place as the Directors shall determine. Every notice of a general meeting shall be served in the manner as provided for in the Articles.	An annual general meeting of the Company shall be held in accordance with the provisions of the Act. All general meetings other than the annual general meetings shall be called extraordinary general meetings. All general meetings shall be held at such time and place as the Directors shall determine. Every notice of a general meeting shall be served in the manner as provided for in the Articles. **Such meeting of its Members may be held within Malaysia at more than one venue using any technology that allows all Members a reasonable opportunity to participate.**
72	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of chairman or on a question of adjournment shall be taken forthwith. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 69 adjourn the meeting to some place and time fixed for the purpose of declaring the results of the poll.	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of chairman or on a question of adjournment shall be taken forthwith. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 69 adjourn the meeting to some place and time fixed for the purpose of declaring the results of the poll. **The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator, and verified by the scrutineers, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.**

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (cont'd)

	Existing Articles	Proposed Amendments
74	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 a holder of ordinary shares or preference shares present in person or by proxy or by a duly authorised 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.	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 a holder of ordinary shares or preference shares present in person or by proxy or by a duly authorised 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. **A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.**
79	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorized. The instrument appointing a proxy shall be deemed to confer authorized to demand or join in demanding a poll. A member shall be entitled to appoint more than one (1) proxy but up to a maximum of 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 proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, 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.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorized. The instrument appointing a proxy shall be deemed to confer authorized to demand or join in demanding a poll. A member shall be entitled to appoint more than one (1) proxy but up to a maximum of 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 proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, 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. **Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular Omnibus Account shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.**

Proxy Form

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

No. of ordinary shares held

CDS Account No.

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

of ____
[*Address*]

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

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

and/or (delete as appropriate)

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

or failing him, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand for a poll at the Twentieth Annual General Meeting of the Company to be held at 17, Jalan Industri PBP 11, Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan on Tuesday, 10 December 2013 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Re-election of Yong Yoke Keong	Ordinary Resolution 1		
2.	Re-election of Dr Fork JeeYoong	Ordinary Resolution 2		
3.	Re-election of Hee Teck Ming	Ordinary Resolution 3		
4.	Re-election of Chan Chow Hun	Ordinary Resolution 4		
5.	Payment of Directors' Fees	Ordinary Resolution 5		
6.	Re-appointment of Auditors	Ordinary Resolution 6		
7.	Authority to issue shares	Ordinary Resolution 7		
8.	Retention of Independent Director	Ordinary Resolution 8		
9.	Proposed Amendments to the Articles of Association of the Company	Special Resolution 1		

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

Signed this ___________ day of __________________________, 2013.

____
Signature of Shareholder(s)/Common Seal

Notes:

(i) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 61(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 2 December 2013. Only depositor whose name appears on the Record of Depositors as at 2 December 2013 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.

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

(iii) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

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

(vi) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar of the Company situated at Lot 6.05, Level 6, KMPG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 10 a.m., Sunday, 8 December 2013, or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

Please fold here for sealing

STAMP

AHB HOLDINGS BERHAD
(Company No. 274909-A)

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

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AHB Holdings Berhad 274909A

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