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)

Company No. 274909 - A

AHB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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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 our audit opinion.

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.

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

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 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	
		2013	2012	2013	2012
	Note	RM	RM	RM	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		

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

		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
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)
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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

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 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

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 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.

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 <u>Financial liabilities</u>

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		Company	
	2013 RM	2012 RM	2013 RM	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		Company	
	2013 RM	2012 RM	2013 RM	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		Company	
	2013 RM	2012 RM	2013 RM	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 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 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 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 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 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
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	Group 30.6.2012 RM	Group 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	Group 30.6.2012 RM	Group 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 **RM**	**30.6.2012** **RM**	**1.7.2011** **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) <u>Receivables</u>

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		**Individually**	
	Gross	**impaired**	**Net**
Group	**RM**	**RM**	**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		**Individually**	
	Gross	**impaired**	**Net**
Group	**RM**	**RM**	**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) Receivables (cont'd)

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.

Company No. 274909 - A

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)