



**AHB HOLDINGS BERHAD**

274909-A

**ANNUAL REPORT 2011**



# Table of Contents

Page 2	Corporate Information
Page 3	Group Corporate Structure
Page 4	Chairman's Statement
Page 5	Board of Directors
Page 7	Audit Committee Report
Page 10	Corporate Governance Statement
Page 14	Additional Compliance Information
Page 15	Statement on Internal Control
Page 16	Financial Statements
Page 56	Statistics of Shareholdings as at 25 October 2011
Page 61	Notice of Eighteenth Annual General Meeting
Page 62	Statement Accompanying Notice of Eighteenth Annual General Meeting
Page 63	Form of Proxy

## BOARD OF DIRECTORS

**Mirzan Mahathir**

*Chairman*

*Non-Independent Non-Executive Director*

**Yong Yoke Keong**

*Managing Director / Chief Executive Officer*

**Yong Chew Keat**

*Non-Independent Non-Executive Director*

**Lim Chee Hoong**

*Independent Non-Executive Director*

**Danny Ng Siew L'Leong**

*Independent Non-Executive Director*

## AUDIT COMMITTEE

**Lim Chee Hoong**

*Chairman*

*Independent Non-Executive Director*

**Yong Chew Keat**

*Non-Independent Non-Executive Director*

**Danny Ng Siew L'Leong**

*Independent Non-Executive Director*

## COMPANY SECRETARIES

**Yeoh Chong Keat**

*(MIA 2736)*

**Lee Jia Wen**

*(MAICSA 7060075)*

## PRINCIPAL BANKERS

**HSBC Bank Malaysia Berhad**

**CIMB Bank Berhad**

## REGISTRARS

**Tricor Investor Services Sdn Bhd**

*Level 17, The Gardens North Tower*

*Mid Valley City*

*Lingkaran Syed Putra*

*59200 Kuala Lumpur*

*Tel : 03-2264 3883*

*Fax : 03-2282 1886*

## AUDITORS

**SJ Grant Thornton (AF0737)**

*Level 11, Faber Imperial Court*

*Jalan Sultan Ismail*

*P.O. Box 12337*

*50774 Kuala Lumpur*

*Tel : 03-2692 4022*

*Fax : 03-2691 5229*

## REGISTERED OFFICE

*Suite 11.1A, Level 11*

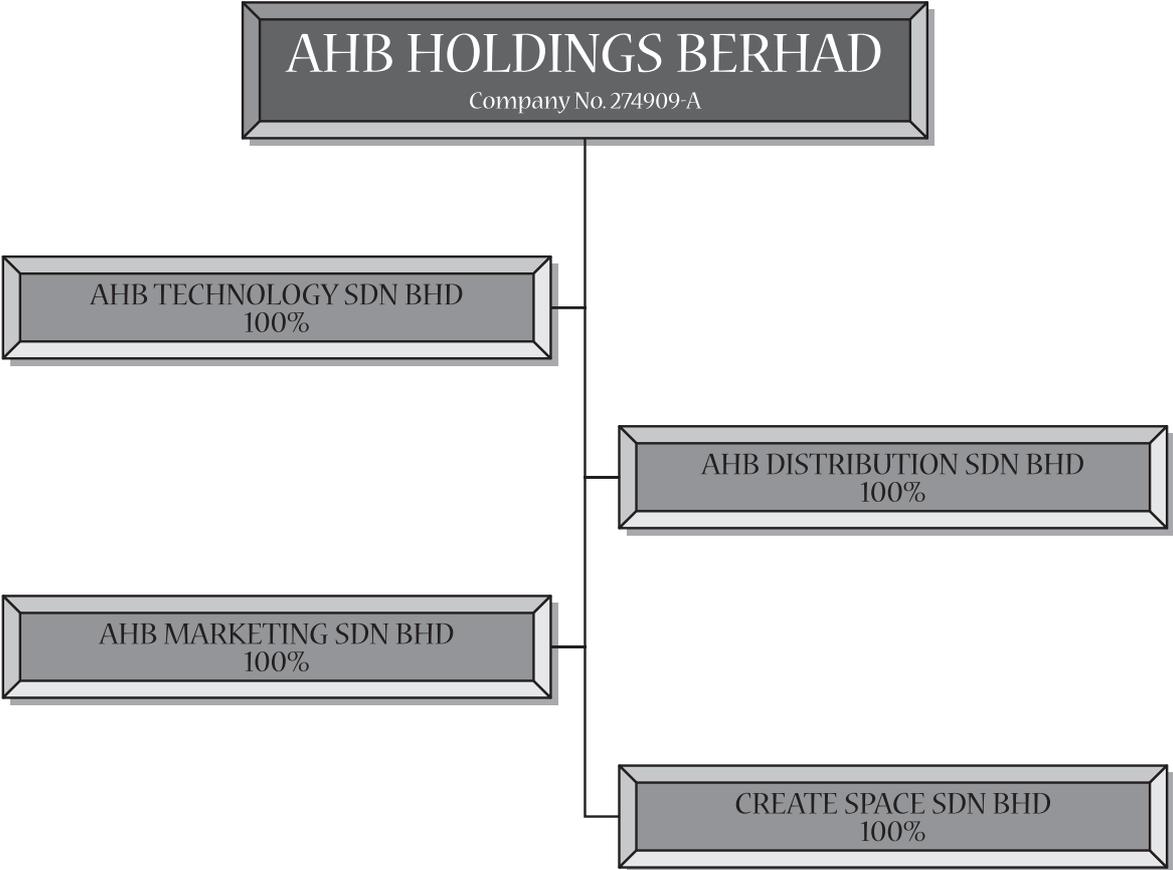
*Menara Weld*

*76, Jalan Raja Chulan*

*50200 Kuala Lumpur*

*Tel : 03-2031 1988*

*Fax : 03-2031 9788*



On behalf of the Board of Directors, I am pleased to present to you the 2011 Annual Report and Financial Statements of AHB Holdings Berhad ("AHB") for the financial year ended 30 June 2011.

The Group is reasonably resilient because the Group's revenue is not derived from USA or Europe. The Group also has a winning multi-sourcing strategy providing reliable supply chains with a cost structure that is quite flexible. However, the Group's performance during the year under review has been substantially affected by the strong Ringgit to US Dollar exchange rate because approximately 85% of the Group's revenue is export based and priced in US Dollar.

To mitigate the strong Ringgit currency exchange rates, the Group is planning to introduce two major unique office furniture ranges within the financial year ending June 2012. The management hopes that the introduction of these new furniture ranges will assist the Group to improve its profit margins and increase the Group's revenue. Going forward, the Group looks to further improve its financial performance, barring any unforeseen circumstances.

Our Group has always upheld our customers as our key focus, and we believe that customer satisfaction is vital for long-term growth.

As usual, our dedication to the exacting standards of our products and our commitment to a professional service experience set our Group apart from our rivals. Our Group's commitment to continually explore new ideas and to improve our product offerings has enhanced customer confidence.

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

The Group recorded a turnover of RM 21.2 million for the financial year ended 30 June 2011 compared to RM 27.2 million in the preceding financial year. Our profit after tax for the year is RM 792,500 compared to RM 958,327 in the preceding financial year. As we have always done in the past, we in AHB believe that we must do business with integrity wherever we are. As such, we will continue our efforts to inculcate a culture of good corporate governance within AHB. For the benefit of Islamic investors, we are pleased to note that we are Syariah compliant.

On behalf of the Board, I would like to extend my unreserved appreciation to the management and staff of AHB group of companies, for their continuing hard work, commitment and dedication. I take this opportunity to thank all our shareholders, bankers, advisors, business associates, customers and relevant government authorities. We sincerely treasure your invaluable support and confidence over the years, and hope that you will continue to be there for us as we move forward into the future.

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

Mirzan Mahathir  
Chairman

## BOARD OF DIRECTORS

**Mirzan Mahathir**, Malaysian, aged 53, is the Non-Independent Non-Executive Chairman of AHB Holdings Berhad (“AHB” or “the Company”). He was appointed to the Board of AHB on 13 March 1996.

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

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

En Mirzan Mahathir is a substantial shareholder of AHB, with indirect holding of 3,294,720 ordinary shares.

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

En Mirzan Mahathir attended four (4) of the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2011.

**Yong Yoke Keong**, Malaysian, aged 52, was appointed as Director of AHB on 3 May 1994 and is currently the Managing Director/Chief Executive Officer of the Group.

He graduated from McGill University, Canada with a Bachelor of Engineering Degree majoring in Mechanical Engineering in 1982. He also obtained his Masters in Business Administration in 1985 from the same university with multiple concentrations in Finance, Management Information Systems and International Business. Upon graduation, he took charge of the administration and product development of the Group. By 1988, he was in charge of the Group's overall operations. Through his leadership and innovative management style, he has been the catalyst for numerous technological advancements experienced by the Group. He previously was a council member of the Federation of Malaysian Manufacturers (FMM) and he was also the founding Joint Chairman of Institut Perekabentuk Dalam Malaysia Industry Partners (IPDM-ip).

Mr Yong Yoke Keong is a substantial shareholder of AHB, with direct holding of 10,150,269 ordinary shares.

Mr Yong Yoke Keong is the brother of Mr Yong Chew Keat, a Non-Independent Non-Executive Director of the Group. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Mr Yong Yoke Keong attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2011.

**Yong Chew Keat**, Malaysian, aged 62, was appointed as Director of AHB on 3 May 1994 and retired at the Annual General Meeting held on 27 December 2007. However, he was re-appointed as the Non-Independent Non-Executive Director of the Company on 28 February 2008. He is also the member of the Nomination, Remuneration and Audit Committees.

He is one of the founder members of the AHB business. Over the past 30 years, he had jointly managed the companies in the AHB Group with his late father until 1988. He has extensive experience in the furniture industry and his entrepreneurial skills have helped steer the Group into one of the leading office furniture companies in Malaysia.

Mr Yong Chew Keat is a substantial shareholder of AHB, with direct holding of 2,929,770 ordinary shares.

Mr Yong Chew Keat is the brother of Mr Yong Yoke Keong, the Managing Director/Chief Executive Officer of the Group. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Mr Yong Chew Keat attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2011.

## BOARD OF DIRECTORS (cont.)

**Lim Chee Hoong**, Malaysian, aged 51, was appointed as an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee on 28 May 2007. He is also the member of the Nomination and Remuneration Committees. He is a member of the Malaysian Institute of Certified Public Accountants as well as the Malaysian Institute of Accountants. Presently, Mr Lim is a practising accountant in Malaysia under Messrs LLTC. He is also a partner in Lee Teik Swee & Co. Prior to that, Mr Lim was attached to various firms and has 30 years' experience in the field of accounting, auditing and taxation. He currently sits on the Board of Furniweb Industrial Products Berhad and Choo Bee Metal Industries Bhd.

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

Mr Lim Chee Hoong attended all the five (5) Board of Directors' Meeting of the Company held during the financial year ended 30 June 2011.

**Danny Ng Siew L'Leong**, Malaysian, aged 53, was appointed as an Independent Non-Executive Director of the Company and the member of the Audit Committee on 28 May 2007. He is also the Chairman of the Nomination and Remuneration Committees.

He graduated with a Bachelor degree in Agribusiness (Honours) with a major in Financial Management from University Pertanian Malaysia in 1982. He was with United Malayan Banking Corporation Berhad as a Credit Analyst for the central region from 1982 to 1986, as Accounts Manager of the Corporate Banking Department from 1986 to 1990, as Unit Head of the Northern Region of the Corporate Banking Department from 1990 to 1991, and as Head of Credit and Marketing for its Corporate Banking Department from 1991 to 1994. He currently sits on the Board of New Hoong Fatt Holdings Berhad and SMIS Corporation Berhad.

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

Mr Danny Ng Siew L'Leong attended all the five (5) Board of Directors' Meeting of the Company held during the financial year ended 30 June 2011.

## COMPOSITION

Mr Lim Chee Hoong	- Chairman, Independent Non-Executive Director
Mr Danny Ng Siew L'Leong	- Member, Independent Non-Executive Director
Mr Yong Chew Keat	- Member, Non-Independent Non-Executive Director

## TERMS OF REFERENCE

### Constitution

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

### Membership

- The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members, all the Committee members must be non-executive directors, with a majority of whom shall be independent directors. A quorum requires the majority of members present to be independent non-executive directors.
- At least one member of the Committee :-
  - (a) must be a member of the Malaysian Institute of Accountants; or
  - (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:-
    - (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (c) must fulfill such other requirements as prescribed or approved by the Exchange from time to time.
- No alternate director is appointed as a member of the Committee.
- The members of the Committee shall elect a Chairman from among their members who shall be an independent non-executive director.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

### Review of the Audit Committee

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

### Authority

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

### Functions and Duties

The functions of the Committee shall be amongst others:-

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

## AUDIT COMMITTEE REPORT (cont.)

### Functions and Duties (cont.)

- (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing on:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements;
  - (h) any related party transactions and conflict of interest situation that may arise within the Company or Group.
  - (i) any letter of resignation from the external auditors; and
  - (j) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.
- (2) To recommend the nomination of a person or persons as external auditors.
- (3) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year and to prepare a statement verifying such allocation in the annual reports.
- (4) To report promptly to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by the Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements.

### Meetings

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

### Reporting Procedures

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

### AUDIT COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 30 June 2011, the Committee held a total of five (5) meetings. The details of attendance of the Committee members (including Company Secretary's attendance) are as follows:-

Audit Committee Members	Number of Audit Committee Meetings Attended
Mr Lim Chee Hoong	5/5
Mr Danny Ng Siew L'Leong	5/5
Mr Yong Chew Keat	5/5
Company Secretary	5/5

### ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 June 2011, the Audit Committee, in discharging its functions and duties, had carried out the following activities:-

1. Reviewed the quarterly reports of the Group to ensure adherence to legal and regulatory reporting requirements before recommending to the Board of Directors for approval.
2. Reviewed the audited annual financial statements of the Company and the Group before recommending to the Board of Directors for approval.
3. Reviewed and approved the draft Audit Committee Report and Statement on Internal Control to be incorporated in the Annual Report for the financial year ended 30 June 2011.
4. Reviewed the internal audit plan in order to identify key risk areas and processes to be covered during the financial year for the purpose of improvement to internal controls, procedures and risk management.
5. Reviewed the internal audit reports, audit recommendations made and management response to those recommendations and reviewed the follow-up audits to ensure that appropriate actions were taken and recommendations of the Internal Auditors were implemented.
6. Reviewed with External Auditors, their audit planning memorandum, audit approach and reporting requirements prior to the commencement of audit works.
7. Met with the External Auditors, in the absence of the Management, to discuss problems and reservations arising from their audit.
8. Discussed the audit findings and reviewed the audit report with the external auditors.

### INTERNAL AUDIT FUNCTION

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

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

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

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

1. Prepared the annual audit plan for the approval of the Audit Committee.
2. Performed risk based audits on strategic business units of the Company and of the Group, which covered reviews of the internal control system, accounting and management information system and risk management.
3. Issued audit reports to the Audit Committee and Management identifying weaknesses and issues as well as highlighting recommendations for improvements.
4. Acted on suggestions made by the Audit Committee and/or Senior Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.
5. Reported to the Audit Committee on review of the adequacy, appropriateness and compliance with the procedures established to monitor financial management, sales, human resource management and invoicing.
6. Attended Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.

## Introduction

AHB Holdings Berhad ("the Company") acknowledges the importance of good corporate governance and thus, the Directors are committed to direct and manage the Company in ensuring that the Group practices good corporate governance in line with the Malaysian Code on Corporate Governance [Revised 2007] (the "Code") in achieving its primary goal of enhancing shareholder value and to protect the interests of shareholders.

In preparing this report, the Board has considered the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the Best Practices of the Code. The Board of Directors is of the opinion that save as set out below, the Group has applied the principles set out in Part 1 of the Code and has complied with the best practices set out in Part 2 of the Code throughout the financial year ended 30 June 2011.

## BOARD OF DIRECTORS

### The Board

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

### a) Board Composition

The Board consists of a Non-Independent Non-Executive Chairman, a Group Managing Director, a Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The roles of the Chairman of the Board and Managing Director are segregated.

The number of independent Directors complies with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") which requires that at least two (2) or one third (1/3) of the Board, whichever is the higher, are independent directors. In the event of any vacancy in the Board of Directors of the Company, resulting in non-compliance with Paragraph 15.02(1) of the Main Market Listing Requirements of BMSB, the Company shall fill the vacancy within three (3) months of that event.

The two (2) Independent Non-Executive Directors of the Company provide the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity are maintained by the Group.

### b) Board Responsibilities

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to Management's responsibilities, which the Executive Director is aware and is responsible for meeting. The Board had an understanding of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval for major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

### c) Supply of Information

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Group Managing Director and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations for deliberation. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors whether as a full board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary and to obtain independent professional advice, whenever necessary, at the expense of the Group.

### d) Board Meetings

There were five (5) Board of Directors' meetings held during the financial year ended 30 June 2011. Details of attendance of Directors holding office during the financial year (including Company Secretary's attendance) are as follows:-

## CORPORATE GOVERNANCE STATEMENT (cont.)

### d) Board Meetings (con't.)

Directors	Number of Board Meetings Attended
En Mirzan Mahathir	4/5
Mr Yong Yoke Keong	5/5
Mr Yong Chew Keat	5/5
Mr Lim Chee Hoong	5/5
Mr Danny Ng Siew L'Leong	5/5
Company Secretary	5/5

### e) Appointment to the Board

A Nomination Committee has been established by the Board comprising wholly Non-Executive Directors, majority of whom are independent Directors, as follows:-

1. Mr Danny Ng Siew L'Leong      Chairman, Independent Non-Executive Director
2. Mr Lim Chee Hoong            Member, Independent Non-Executive Director
3. Mr Yong Chew Keat            Member, Non-Independent Non-Executive Director

The Committee is generally responsible to:-

- (i) assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- (ii) assess the size of the Board and review the mix of skills and experience and other qualities of the Board members required for the Board to function completely and efficiently.
- (iii) assess and recommend new nominees for appointment to the Board for the Board's final decision-making.

The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

### f) Re-election

In accordance with the provisions of the Articles of Association of the Company, one-third (1/3) of the Board of Directors for the time being, or, if their number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting and shall be eligible for re-election.

### g) Directors' Training

The Directors of the Company had attended the following training:-

Name of Directors	Date of Training	Subject
Mr Yong Yoke Keong	-	Did not attend due to work commitments
Mr Yong Chew Keat	-	Did not attend due to work commitments
En Mirzan Mahathir	-	Did not attend due to work commitments
Mr Lim Chee Hoong	6 & 7 July 2010 3 August 2010  21 October 2010 29 November 2010 13 & 14 June 2011	National Tax Conference 2010 ICAA-MICPA Audit Forum "Audit Oversight Board - Implications for Public Interest Entities" Seminar Percukaian Kebangsaan 2010 Workshop on Analysis of Recent Tax Cases for 2010 SSM National Conference 2011 on "Driving Business Transformation Dynamics Through Regulations and Enforcement"
Mr Danny Ng Siew L'Leong	7 July 2010 13 July 2010	Recent Trends in Valuation Audit Committee Institute Roundtable discussion titled: Going Forward: Risk & Reform - Implications for Audit Committee Oversight

## CORPORATE GOVERNANCE STATEMENT (cont.)

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

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

### h) Directors' Remuneration

A Remuneration Committee has been established by the Board comprising wholly Non-Executive Directors, the majority of whom are independent, as follows:-

1. Mr Danny Ng Siew L'Leong Chairman, Independent Non-Executive Director
2. Mr Lim Chee Hoong Member, Independent Non-Executive Director
3. Mr Yong Chew Keat Member, Non-Independent Non-Executive Director

The Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the executive directors. In the case of non-executive directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the non-executive directors concerned.

Details of Directors' remuneration for the financial year ended 30 June 2011 are as follows:-

Remuneration (RM)	Executive Director	Non-Executive Directors	Total
Directors' Fees*	24,000	96,000	120,000
Salaries & other emoluments	442,176	0	442,176
Pension Costs – defined contribution plans	0	0	0
Bonus	0	0	0
Benefits-in-kind	0	0	0
<b>Total</b>	<b>466,176</b>	<b>96,000</b>	<b>562,176</b>

\* To be approved at the forthcoming Annual General Meeting.

The number of Directors whose total remuneration during the financial year ended 30 June 2011 falls in each band of RM50,000 are as follows:-

Range of remuneration	Number of Executive Director	Number of Non-Executive Directors
RM1 - RM50,000	0	4
RM400,001 – RM450,000	1	0
<b>Total</b>	<b>1</b>	<b>4</b>

## SHAREHOLDERS

### a) Dialogue with Investors

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

- (i) the Annual Report; and
- (ii) the various disclosures and announcements made to Bursa Malaysia Securities Berhad including the quarterly financial results and annual financial results.

The Company has also established its website ([www.ahb.com.my](http://www.ahb.com.my)) to which shareholders can access for further information on the Group.

### a) Dialogue with Investors (cont.)

All shareholders are encouraged to attend the Company's Annual General Meeting and participate in the proceedings. Opportunities will be given to the shareholders to ask questions and seek clarification on the business and performance of the Group.

Apart from contacts at General Meetings, the Directors and/or Management have the option of calling for meetings with investors/analysts if it deems necessary.

### b) General Meetings

The Company's Annual General Meeting serves as a principle forum for dialogue with shareholders. Extraordinary General Meetings is held as and when required.

## ACCOUNTABILITY AND AUDIT

### a) Financial Reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors prior to the submission to Bursa Malaysia Securities Berhad.

### b) Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 30 June 2011

The Directors of the Company are collectively responsible for ensuring that the financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2011, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

### c) Internal Control

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines. The Statement on Internal Control is set out on page 15 of this Annual Report.

### d) Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee met with the external auditors to discuss their audit plan, audit findings and the financial statements.

## CORPORATE SOCIAL RESPONSIBILITY

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

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

The Company has not implemented any corporate proposal during the financial year ended 30 June 2011.

### 2. SHARE BUY-BACK

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

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options were exercised during the financial year ended 30 June 2011. The Company has not issued any warrants or convertible securities in respect of the financial year under review.

### 4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme in the financial year ended 30 June 2011.

### 5. IMPOSITION OF SANCTIONS AND PENALTIES

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

### 6. NON-AUDIT FEES

The amount of non-audit fees paid to the External Auditors by the Group for the financial year ended 30 June 2011 is RM3,000.

### 7. VARIATION IN RESULTS

There is no significant variance in the Company's audited results for the financial year ended 30 June 2011 from the unaudited results as previously announced.

### 8. REVALUATION POLICY ON LANDED PROPERTY

The Group had not adopted any revaluation policy in relation to its landed properties.

### 9. MATERIAL CONTRACTS

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

### 10. RECURRENT RELATED PARTY TRANSACTIONS

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

### 11. SECURITIES COMMISSION CONDITIONS IMPOSED ON THE COMPANY

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

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

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

The SC's approval is subject to the condition that the Company or its advisers, Affin Merchant Bank Berhad should submit a detailed proposal to the SC on the Company's plan to eliminate the accumulated losses and the said proposal should also be announced to Bursa Securities. The Board of Directors of the Company has taken note of the condition imposed by the SC and will deliberate on the same and/or the next course of action to be taken by the Company.

# STATEMENT ON INTERNAL CONTROL

## 1. Introduction

The Malaysian Code on Corporate Governance [Revised 2007] stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board of Directors is taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of operations.

## 2. The Board's Responsibility

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

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

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

## 3. Risk Management

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

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

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

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

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

## 4. Internal Control System

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

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

## 5. Internal Audit Function

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

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

The Company has incurred approximately RM22,788 for the internal audit work conducted within the Group for the financial year ended 30 June 2011.

## 6. Weaknesses in internal control that result in material losses

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

## 7. Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the financial year ended 30 June 2011 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

# Financial Statements

Page 17	Directors' Report
Page 20	Independent Auditors' Report to the Members of AHB Holdings Berhad
Page 21	Statements of Comprehensive Income for the financial year ended 30 June 2011
Page 22	Statements of Financial Position as at 30 June 2011
Page 23	Statements of Changes in Equity for the financial year ended 30 June 2011
Page 24	Statements of Cash Flows for the financial year ended 30 June 2011
Page 26	Notes to Financial Statements
Page 54	Statement by Directors
Page 55	Declaration by the Director Primarily Responsible for the Financial Management of The Company

## DIRECTORS' REPORT

The Directors of **AHB HOLDINGS BERHAD** have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

### 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 OF OPERATIONS

	Group RM	Company RM
Net profit/(loss) for the year	792,500	(994,011)
Attributable to:		
Owners of the parent	792,500	
Non-controlling interests	-	
	792,500	

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any final dividend payment for the 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  
Yong Chew Keat  
Danny Ng Siew L' Leong  
Lim Chee Hoong

### DIRECTORS' INTEREST

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

	Number of ordinary shares of RM1 each			
	Balance as of 1.7.2010	Bought	Sold	
<b>Shares in the Company</b>				
<b>Direct interest</b>				
Yong Yoke Keong	10,150,269	-	-	10,150,269
Yong Chew Keat	2,929,770	-	-	2,929,770
<b>Indirect interest</b>				
Mirzan bin Mahathir	3,294,720	-	-	3,294,720

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.

## DIRECTORS' REPORT (cont.)

### DIRECTORS' INTEREST (cont.)

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 was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and all known bad debts had been written off; 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
- (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 and 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, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- (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.
- (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.

## DIRECTORS' REPORT (cont.)

### AUDITORS

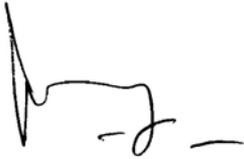
The Auditors, Messrs. SJ Grant Thornton have indicated their willingness to continue in office.

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



---

**YONG YOKE KEONG**



---

**YONG CHEW KEAT**

Kuala Lumpur  
25 October 2011

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AHB HOLDINGS BERHAD

AHB Holdings Berhad  
Annual Report 2011

## 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 2011, 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 notes as enumerated in Notes 1 to 32 and as set out on pages 21 to 52.

## Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and 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.

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2011 and of their financial performance and cash flows for the financial year then ended.

## 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 financial statements 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 auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

## Other Reporting Responsibilities

This supplementary information set out in page 53 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.

## Other Matters

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

NG CHEE HOONG  
CHARTERED ACCOUNTANT  
(NO:2278/10/12(J))  
PARTNER

Kuala Lumpur  
25 October 2011

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

AHB Holdings Berhad  
Annual Report 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Revenue	4	21,285,261	27,236,276	-	-
Other operating income	5	1,147,667	4,362,767	999	161,730
Purchase of trading merchandise		(15,079,211)	(18,058,430)	-	-
Changes in trading merchandise		163,155	(1,252,321)	-	-
Directors' remuneration	6	(562,176)	(450,240)	(120,000)	(24,000)
Staff costs	5	(1,818,414)	(1,954,031)	-	-
Depreciation of property, plant and equipment	10	(180,213)	(194,569)	-	-
Finance costs	7	(1,361,270)	(1,504,672)	(202,616)	(124,211)
Other operating expenses	5	(2,802,299)	(7,226,453)	(672,394)	(102,800)
Profit/(Loss) before tax		792,500	958,327	(994,011)	(89,281)
Income tax expense	8	-	-	-	-
Net profit/(loss) for the financial year		792,500	958,327	(994,011)	(89,281)
Other comprehensive income for the financial year		-	-	-	-
Total comprehensive income for the financial year		792,500	958,327	(994,011)	(89,281)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		792,500	998,256	(994,011)	(89,281)
Non-controlling interest		-	(39,929)	-	-
		792,500	958,327	(994,011)	(89,281)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		792,500	998,256	(994,011)	(89,281)
Non-controlling interest		-	(39,929)	-	-
		792,500	958,327	(994,011)	(89,281)
Earnings per ordinary share (sen)					
Basic	9(a)	1.65	2.07		
Fully diluted	9(b)	N/A	N/A		

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

# STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

AHB Holdings Berhad  
Annual Report 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	480,846	643,552	-	-
Goodwill on consolidation	11	1,935,486	1,935,486	-	-
Investment in subsidiaries	12	-	-	34,005,922	34,005,922
Intangible assets	13	-	-	-	-
Deferred tax assets	14	2,500,000	2,500,000	-	-
Total non-current assets		<u>4,916,332</u>	<u>5,079,038</u>	<u>34,005,922</u>	<u>34,005,922</u>
<b>Current Assets</b>					
Land and building held for sale	15	-	1,458,800	-	-
Inventories	16	9,942,492	9,677,855	-	-
Trade receivables	17	16,955,139	18,220,083	-	-
Other receivables	18	8,108,772	7,769,994	-	-
Tax recoverable		147,618	147,618	10,278	10,278
Amount due from subsidiaries	19	-	-	13,239,499	14,545,657
Cash and bank balances		804,346	405,441	1,591	768
Total current assets		<u>35,958,367</u>	<u>37,679,791</u>	<u>13,251,368</u>	<u>14,556,703</u>
<b>Total assets</b>		<u>40,874,699</u>	<u>42,758,829</u>	<u>47,257,290</u>	<u>48,562,625</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Equity attributable to owners of the parent:					
Share capital	20	48,131,398	48,131,398	48,131,398	48,131,398
Share premium	21	3,664,610	3,664,610	3,664,610	3,664,610
Accumulated losses		(35,671,064)	(36,463,564)	(16,708,202)	(15,714,191)
Total equity		<u>16,124,944</u>	<u>15,332,444</u>	<u>35,087,806</u>	<u>36,081,817</u>
<b>LIABILITIES</b>					
<b>Non-current Liabilities</b>					
Bank borrowings	22	3,427,260	3,867,396	2,018,384	2,355,751
Total non-current liabilities		<u>3,427,260</u>	<u>3,867,396</u>	<u>2,018,384</u>	<u>2,355,751</u>
<b>Current Liabilities</b>					
Trade payables	23	4,511,945	5,147,867	-	-
Other payables	24	14,632,131	13,438,214	185,984	519,982
Amount due to subsidiaries	19	-	-	8,974,786	8,974,786
Amount due to Directors	25	341,058	701,219	341,058	377,000
Bank borrowings	22	1,837,361	4,271,689	649,272	253,289
Total current liabilities		<u>21,322,495</u>	<u>23,558,989</u>	<u>10,151,100</u>	<u>10,125,057</u>
<b>Total liabilities</b>		<u>24,749,755</u>	<u>27,426,385</u>	<u>12,169,484</u>	<u>12,480,808</u>
<b>Total equity and liabilities</b>		<u>40,874,699</u>	<u>42,758,829</u>	<u>47,257,290</u>	<u>48,562,625</u>

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

AHB Holdings Berhad  
Annual Report 2011

Group	← Attributable to Owners of the parent →					Non-controlling Interests RM	Total RM
	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total RM	Total RM		
<b>Balance as at 1 July 2009</b>	48,131,398	3,664,610	(37,461,820)	14,334,188	39,929	14,374,117	
Total comprehensive income for the financial year	-	-	998,526	998,526	(39,929)	958,327	
<b>Balance as at 30 June 2010</b>	48,131,398	3,664,610	(36,463,564)	15,332,444	-	15,332,444	
Total comprehensive income for the financial year	-	-	792,500	792,500	-	792,500	
<b>Balance as at 30 June 2011</b>	48,131,398	3,664,610	(35,671,064)	16,124,944	-	16,124,944	
<b>Company</b>							
	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total RM			
<b>Balance as at 1 July 2009</b>	48,131,398	3,664,610	(15,624,910)	36,171,098			
Total comprehensive loss for the financial year	-	-	(89,281)	(89,281)			
<b>Balance as at 30 June 2010</b>	48,131,398	3,664,610	(15,714,191)	36,081,817			
Total comprehensive loss for the financial year	-	-	(994,011)	(994,011)			
<b>Balance as at 30 June 2011</b>	48,131,398	3,664,610	(16,708,202)	35,087,806			

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

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

AHB Holdings Berhad  
Annual Report 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) before tax		792,500	958,327	(994,011)	(89,281)
<b>Adjustments for:-</b>					
Impairment loss on trade receivables		284,832	3,734,887	-	-
Impairment loss for obsolete inventories		9,147	-	-	-
Impairment loss for obsolete inventories no longer required		-	(222,564)	-	-
Depreciation		180,213	194,569	-	-
Other receivables written off		68,467	-	-	-
Discount on hire purchase		-	(22,768)	-	-
Finance costs		1,361,270	1,504,672	202,616	124,211
Gain on disposal of land and building held for sale		(1,141,200)	-	-	-
Gain on disposal of subsidiaries		-	(3,948,995)	-	(1)
Unrealised loss on foreign exchange		278,372	514,592	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Operating profit/(loss) before working capital changes		1,833,601	2,712,720	(791,395)	34,929
Changes in working capital :-					
Inventories		(273,784)	1,252,321	-	-
Receivables		294,495	(9,780,205)	-	-
Payables		(158,539)	6,759,782	(333,998)	(187,828)
Directors		(360,161)	179,000	(35,942)	40,000
Subsidiaries		-	-	1,306,158	103,898
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash from/(used in) operating activities		1,335,612	1,123,618	144,823	(9,001)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (cont.)**

AHB Holdings Berhad  
Annual Report 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of subsidiaries, net of cash disposed		-	18,741	-	1
Proceeds from disposal of Land and building held for sale		2,600,000	-	-	-
Purchase of property, plant and equipment		(17,507)	(202,847)	-	-
Net cash from/(used in) investing activities		2,582,493	(184,106)	-	1
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Finance costs paid		(572,736)	(704,159)	(144,000)	-
Repayment of borrowings		(2,946,464)	(200,205)	-	-
Net cash used in financing activities		(3,519,200)	(904,364)	(144,000)	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		398,905	35,148	823	(9,000)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		405,441	370,293	768	9,768
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		804,346	405,441	1,591	768

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

# NOTES TO FINANCIAL STATEMENTS

## 1. PRINCIPAL ACTIVITIES AND 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 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 of its subsidiaries during the financial year.

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

The principal place of business of the Company is located at 17, Jalan Industri PBP 11, Pusat Bandar Puchong, 47100 Puchong, Selangor.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 25 October 2011.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards issued by the Malaysian Accounting Standards Board ("MASB") and Companies Act, 1965 in Malaysia.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency.

### (d) Adoption of New or Revised Financial Reporting Standards ("FRSs")

(i) The following FRSs and IC Interpretations have been adopted by the Group and the Company:-

#### Effective for the financial periods beginning on or after 1 January 2010

- |      |                      |   |  |
|------|----------------------|---|--|
| (1)  | Amendments to FRS 1  | - | First-time Adoption of Financial Reporting Standards                     |
| (2)  | Amendments to FRS 2  | - | Share-based Payment  |
| (3)  | FRS 4                | - | Insurance Contracts  |
| (4)  | Amendments to FRS 5  | - | Non-current Assets Held for Sale and Discontinued Operations             |
| (5)  | FRS 7                | - | Financial Instruments: Disclosures                                       |
| (6)  | Amendments to FRS 7  | - | Financial Instruments: Disclosures                                       |
| (7)  | FRS 8                | - | Operating Segments   |
| (8)  | Amendment to FRS 8   | - | Operating Segments   |
| (9)  | FRS 101              | - | Presentation of Financial Statements (Revised)                           |
| (10) | Amendment to FRS 107 | - | Statement of Cash Flows  |
| (11) | Amendment to FRS 108 | - | Accounting Policies, Changes in Accounting Estimates and Errors          |
| (12) | Amendment to FRS 110 | - | Events After the Reporting Period  |
| (13) | Amendment to FRS 116 | - | Property, Plant and Equipment  |
| (14) | Amendment to FRS 117 | - | Leases   |
| (15) | Amendment to FRS 118 | - | Revenue  |
| (16) | Amendment to FRS 119 | - | Employee Benefits  |
| (17) | Amendment to FRS 120 | - | Accounting for Government Grants and Disclosure of Government Assistance |
| (18) | FRS 123              | - | Borrowing Costs (Revised)  |
| (19) | Amendment to FRS 123 | - | Borrowing Costs  |
| (20) | Amendment to FRS 127 | - | Consolidated and Separate Financial Statements (Revised)                 |
| (21) | Amendment to FRS 128 | - | Investment in Associates   |
| (22) | Amendment to FRS 129 | - | Financial Reporting in Hyperinflationary Economies                       |
| (23) | Amendment to FRS 131 | - | Interests in Joint Ventures  |

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 2. BASIS OF PREPARATION (cont.)

#### (d) Adoption of New or Revised Financial Reporting Standards ("FRSs") (cont.)

(i) The following FRSs and IC Interpretations have been adopted by the Group and the Company (cont.):-

Effective for the financial periods beginning on or after 1 January 2010 (cont.)

(24)	Amendments to FRS 132	-	Financial Instruments: Presentation
(25)	Amendment to FRS134	-	Interim Financial Reporting
(26)	Amendment to FRS 136	-	Impairment of Assets
(27)	Amendment to FRS 138	-	Intangible Assets
(28)	FRS 139	-	Financial Instruments: Recognition and Measurement
(29)	Amendment to FRS 139	-	Financial Instruments: Recognition and Measurement
(30)	Amendment to FRS 140	-	Investment Property
(31)	IC Interpretation 9	-	Reassessment of Embedded Derivatives
(32)	IC Interpretation 10	-	Interim Financial Reporting and Impairment
(33)	IC Interpretation 11	-	FRS 2 - Group and Treasury Share Transactions
(34)	IC Interpretation 13	-	Customer Loyalty Programmes
(35)	IC Interpretation 14	-	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132	-	Financial Instruments: Presentation
-----------------------	---	-------------------------------------

Effective for financial periods beginning on or after 1 July 2010

(1)	FRS 1	-	First-time Adoption of Financial Reporting Standards (Revised)
(2)	Amendments to FRS 2	-	Share-based Payment
(3)	FRS 3	-	Business Combinations (Revised)
(4)	Amendments to FRS 5	-	Non-current Assets Held for Sale and Discontinued Operations
(5)	FRS 127	-	Consolidated and Separate Financial Statements (Revised)
(6)	Amendments to FRS 138	-	Intangible Assets
(7)	Amendments to IC Interpretation 9	-	Reassessment of Embedded Derivatives
(8)	IC Interpretation 12	-	Service Concession Agreements
(9)	IC Interpretation 16	-	Hedges of a Net Investment in a Foreign Operation
(10)	IC Interpretation 17	-	Distribution of Non-cash Assets to Owners

FRS 1, 2, 4, 5, 120, 129, 131, 140, IC Interpretation 9, 11, 12, 13, 14, 16 and 17 are not applicable to the Group's operations.

FRS 1, 2, 4, 5, 120, 129, 131, 134, 138, 140, IC Interpretation 9, 10, 11, 12, 13, 14, 16 and 17 are not applicable to the Company's operations.

Adoption of the above relevant FRSs has no significant impact on the financial statements of the Group and of the Company except for the following:

#### FRS 3 - Business Combination (Revised)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Statement of Comprehensive Income. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

#### FRS 7 - Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101- Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 30 June 2011.

### 2. BASIS OF PREPARATION (cont.)

#### (d) Adoption of New or Revised Financial Reporting Standards ("FRSs") (cont.)

(i) The following FRSs and IC Interpretations have been adopted by the Group and the Company (cont.):-

Adoption of the above relevant FRSs has no significant impact on the financial statements of the Group and of the Company except for the following (cont.):

##### FRS 101 - Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense, recognised in profit or loss, together with all items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

A statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements. The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

##### FRS 123 - Borrowing Costs (Revised)

FRS 123 eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. No borrowing costs have been capitalised on property, plant and equipment as at 30 June 2011.

##### FRS 127 – Consolidated and Separate Financial Statements (Revised)

The revised standard requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to allocate to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

##### FRS 139 - Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 July 2010. Comparatives are not restated. The effects arising from the adoption of FRS 139 are discussed below:

##### *Impairment of trade receivables*

Prior to 1 July 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 July 2010, the Group has remeasured the allowance for impairment losses in accordance with FRS 139 and there is no difference to be recognised as adjustments to the opening balance of retained earnings as at that date.

##### *Financial guarantee contracts*

During the current and prior years, the Company provided financial guarantees to banks in connection with credit facilities granted to its subsidiaries. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 July 2010. However, there are no financial liabilities to be recognised in view of the effect of interest differentials are insignificant.

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 2. BASIS OF PREPARATION (cont.)

#### (d) Adoption of New or Revised Financial Reporting Standards ("FRSs") (cont.)

(ii) The following FRSs and IC Interpretation are not yet effective and have not been early adopted by the Group and of the Company (cont.):

##### Effective for financial periods beginning on or after 30 August 2010

- (1) Amendments to  
IC Interpretation 15 - Agreements for the Construction of Real Estate

##### Effective for financial periods beginning on or after 1 January 2011

- (1) Amendments to FRS 1 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopter, Additional Exemptions for First-time Adopters, Accounting policies changes in the year of adoption and revaluation basis as deemed cost for operations subject to rate regulation
- (2) Amendments to FRS 2 - Group Cash-settled Share-based Payment Transactions
- (3) Amendment to FRS 3 - Business Combinations
- (4) Amendments to FRS 7 - Improving Disclosures about Financial Instruments, Clarification of disclosures and transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised FRS
- (5) Amendment to FRS 101 - Presentation of Financial Statements
- (6) Amendment to FRS 121 - The Effect of Changes in Foreign Exchange Rates
- (7) Amendment to FRS 128 - Investments in Associates
- (8) Amendment to FRS 131 - Interest in Joint Ventures
- (9) Amendment to FRS 132 - Financial Instruments: Presentation
- (10) Amendment to FRS 134 - Interim Financial Reporting
- (11) Amendment to FRS 139 - Financial Instruments: Recognition and Measurement
- (12) IC Interpretation 4 - Determining whether an Arrangement contains a Lease
- (13) Amendment to  
IC Interpretation 13 - Customer Loyalty Programmes
- (14) IC Interpretation 14 - Prepayment of a Minimum Funding Requirement
- (15) IC Interpretation 18 - Transfers of Assets from Customers

##### Effective for financial periods beginning on or after 1 July 2011

- (1) Amendments to  
IC Interpretation 14 - Prepayments of a Minimum Funding Requirement
- (2) IC Interpretation 19 - Extinguishing Financial Liabilities with Equity Instruments

##### Effective for financial periods beginning on or after 1 January 2012

- (1) FRS 124 - Related Party Disclosures (Revised)
- (2) IC Interpretation 15 - Agreements for the Construction of Real Estate

During the financial year, the MASB approved and issued IC Interpretation 18 and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

The existing FRS 1, 3, 124 and 127 will be withdrawn upon the adoption of the new requirements. IC Interpretation 15 will replace FRS 201<sub>2004</sub> Property Development Activities. IC Interpretation 8 and 11 will be withdrawn upon the application of Amendments to FRS 2 - Group Cash-settled Share-based Payment Transactions.

FRS 1, 2, 131, IC Interpretation 4, 13, 14, 15, 18 and 19 are not applicable to the Group's operations.

FRS 1, 2, 3, 121, 131, 134, IC Interpretation 4, 13, 14, 15, 18, and 19 are not applicable to the Company's operation.

The Directors anticipate that the adoption of these new or revised FRSs and IC Interpretation will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

##### FRS 124 - Related Party Disclosures (Revised)

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group and the Company because the Group and the Company are not a government-related entity. However, disclosures regarding related party transactions and balances

### 2. BASIS OF PREPARATION (cont.)

#### (d) Adoption of New or Revised Financial Reporting Standards ("FRSs") (cont.)

(ii) The following FRSs and IC Interpretation are not yet effective and have not been early adopted by the Group and of the Company (cont.):

##### FRS 124 - Related Party Disclosures (Revised) (cont.)

in this financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

#### (iii) 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.

##### **Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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:-

##### *Impairment of goodwill*

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

##### *Deferred tax assets*

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

##### *Income taxes/deferred tax liabilities*

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

##### *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight line basis over their estimated useful life. Management estimated the useful life of these assets to be within 5-10 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

##### *Impairment of intangible assets, property, plant and equipment and development cost*

The Group assesses at each reporting date whether there is any indication that intangible assets, property, plant and equipment and development cost may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the intangible assets, property, plant and equipment and development cost. This requires the estimation of the value in use of the cash-generating units to which intangible assets, property, plant and equipment and development cost are allotted. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount in order to calculate the present value of those cash flows.

## 2. BASIS OF PREPARATION (cont.)

### (d) Adoption of New or Revised Financial Reporting Standards ("FRSs") (cont.)

#### (iii) Significant Accounting Estimates and Judgements(cont.)

##### *Amortisation of intangible assets*

Intangible assets are amortised on straight line basis over their estimated useful life. Management estimated the useful life of these assets not exceeding 5 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future amortisation charges could be revised.

##### *Impairment of loans and receivables*

The Group assesses at each end of the 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 considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) 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.

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.

### (b) 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.

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### (b) Subsidiaries (cont.)

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.

#### (c) 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.

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.

#### (d) 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.

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%

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### (d) Property, plant and equipment (cont.)

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.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and 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. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (e) Non-current assets held for sale

Non-current assets are deemed to be held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

Classification of the asset as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and sale must be highly probable.

Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before the initial recognition of the asset as held for sale, the carrying amounts of the assets are measured in accordance with the applicable FRSS. Upon classification as held for sale, the non-current assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated. Any differences are recognised in the profit or loss.

#### (f) 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.

#### (g) 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.

#### (h) 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### (h) Provisions (cont.)

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 each end of the 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.

#### (i) Financial assets

Financial assets are recognised when the Group and the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are measured initially at fair value plus transactions costs, except for financial assets carried at fair value through profit or loss, which are measured initially at fair value.

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.

#### (j) Financial liabilities

Financial liabilities are recognised when the Group and the Company becomes a party to the contractual provision of the financial instruments. Financial liabilities are measured initially at fair value plus transaction costs, except for financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss or other financial liabilities measured at amortised cost using the effective interest method.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### (j) Financial liabilities (cont.)

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.

#### (k) 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 premiums include any premiums received on issue of share capital. Any transactions 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.

#### (l) 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.

#### (m) 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 each balance sheet 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.

#### (n) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### *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). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### *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
- 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### (n) Income tax expense (cont.)

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 each end of the 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 each end of the 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.

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.

#### (o) 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.

#### (p) Employee benefits

##### *Short term 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 income statement as incurred. As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF").

#### (q) Borrowings

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### (q) Borrowings (cont.)

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 income statements in the year in which they incurred.

#### (r) Impairment of financial assets

The Group and the Company assess at each end of the 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.

#### (s) Operating segment

In the previous years, a segment was a distinguishable component of the Group that was engaged either providing products or services (business segment), or in providing products or services within a particular economic environmental (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, Operating Segments, 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.

#### (t) 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. SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### (u) 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.

#### (v) Impairment of non-financial assets

At each end of the reporting period, the Group and the Company reviews 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 costs 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 identifiable cash flows (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 first to reduce the carrying amount of any goodwill 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.

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 first to reduce the carrying amount of any goodwill 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, except for the assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each end of the reporting period as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill 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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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

### 4. REVENUE

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

## NOTES TO FINANCIAL STATEMENTS (cont.)

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

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Audit fees				
- Current year	(88,000)	(90,000)	(24,000)	(24,000)
- Overprovision in prior year	5,000	-	1,000	-
Impairment loss on trade receivables	(284,832)	(3,734,887)	-	-
Impairment loss for obsolete inventories	(9,147)	-	-	-
Impairment loss for obsolete inventories no longer required	-	222,564	-	-
Depreciation	(180,213)	(194,569)	-	-
Finance cost (Note 7)	(1,361,270)	(1,504,672)	(202,616)	(124,211)
Foreign exchange loss:-				
Unrealised	(278,372)	(514,592)	-	-
Realised	(120,069)	(245,694)	-	-
Gain on disposal of :				
Land and building held for sale	1,141,200	-	-	-
Subsidiaries	-	3,948,995	-	1
Other receivables written off	(68,467)	-	-	-
Rental of premises	(216,000)	(198,000)	-	-
	<u>(1,361,270)</u>	<u>(1,504,672)</u>	<u>(202,616)</u>	<u>(124,211)</u>

Staff costs include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF for the employees of the Group during the current financial year amounted to RM306,646 (2010: RM176,996).

### 6. DIRECTOR'S REMUNERATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Company's directors</b>				
Executive directors:				
Fees	24,000	24,000	24,000	24,000
Salaries and other emoluments	394,800	380,833	-	-
EPF contributions	47,376	45,407	-	-
	<u>466,176</u>	<u>450,240</u>	<u>24,000</u>	<u>24,000</u>
Non-executive directors:				
Fees	96,000	-	96,000	-
	<u>562,176</u>	<u>450,240</u>	<u>120,000</u>	<u>24,000</u>

### 7. FINANCE COSTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest on:				
Long-term loans	644,736	804,909	202,616	124,211
Other payables	716,534	698,541	-	-
Others	-	1,222	-	-
	<u>1,361,270</u>	<u>1,504,672</u>	<u>202,616</u>	<u>124,211</u>

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 8. INCOME TAX EXPENSE

There were no provision for the current financial year as the Group and the Company have no chargeable income.

A numerical reconciliation between the effective tax rate and the statutory tax rate are as follows:-

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/( Loss) before tax	792,500	958,327	(994,011)	(89,281)
Tax at the application tax rate at 25 %	198,125	239,582	(248,503)	(22,320)
Tax effects of non-deductible expenses	340,875	337,603	248,503	22,320
Income not subject to tax	-	(1,037,248)	-	-
Deferred tax assets not recognised	(539,000)	460,063	-	-
Income tax expense for the financial year	-	-	-	-

The Group's and the Company's unutilised tax losses which can be carried forward to offset against future taxable profit amounted to approximately RM19,962,000 and RM427,000 (2010: RM22,466,000 and RM427,000) respectively.

The Group's unabsorbed capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM25,000 (2010: RM25,000).

In prior financial years, one of the subsidiaries received an additional tax assessment of RM756,271 for the year of assessment 1998 due to reinvestment allowances and certain expenses claimed that were disallowed by the tax authorities. The subsidiary has appealed against the disallowance of these allowances and expenses and pending the outcome of the appeal, the additional tax assessment has not been provided for in the financial statements. The Directors are of the opinion that the appeal could be granted.

### 9. EARNINGS PER ORDINARY SHARE

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

	Group	
	2011 RM	2010 RM
Net profit for the year (attributable to owners holders of the parent)	792,500	998,256
Number of ordinary shares in issue	48,131,398	48,131,398
Basic earnings per ordinary share (sen)	1.65	2.07

(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 ordinary share of the Group in 2011 and 2010 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.

The effect in both years would be anti-dilutive to earnings per ordinary share.

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 10. PROPERTY, PLANT AND EQUIPMENT Group

Cost	Renovations	Plant and machinery	Tools, equipment and moulds	Office and computer equipment, furniture and fittings and air-conditioners	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM
Balance as at 1 July 2009	53,251	48,509	839,366	9,945,633	562,260	11,449,019
Additions	156,749	-	7,501	38,597	-	202,847
Arising from disposal of subsidiary	-	-	-	(212,252)	(103,982)	(316,234)
Balance as at 30 June 2010	210,000	48,509	846,867	9,771,978	458,278	11,335,632
Additions	-	-	2,000	15,507	-	17,507
Balance as at 30 June 2011	210,000	48,509	848,867	9,787,485	458,278	11,353,139
<b>Accumulated depreciation</b>						
Balance as at 1 July 2009	34,018	17,886	584,038	9,597,057	562,260	10,795,259
Charge for the year	20,596	4,851	80,602	87,386	1,134	194,569
Arising from disposal of subsidiary	-	-	-	(192,632)	(105,116)	(297,748)
Balance as at 30 June 2010	54,614	22,737	664,640	9,491,811	458,278	10,692,080
Charge for the year	20,596	4,851	74,907	79,859	-	180,213
Balance as at 30 June 2011	75,210	27,588	739,547	9,571,670	458,278	10,872,293
<b>Net carrying amount</b>						
Balance as at 30 June 2011	134,790	20,921	109,320	215,815	-	480,846
Balance as at 30 June 2010	155,386	25,772	182,227	280,167	-	643,552

### 11. GOODWILL ON CONSOLIDATION

	Group	
	2011 RM	2010 RM
At 1 July	1,935,486	2,120,422
Derecognised on disposal of subsidiaries	-	(184,936)
At 30 June	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.

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 11. GOODWILL ON CONSOLIDATION (cont.)

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

Growth Rate		Gross Margin		Discount Rate	
2011	2010	2011	2010	2011	2010
%	%	%	%	%	%
15	10	30	29	4	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	
	2011	2010
	RM	RM
Unquoted shares, at cost	40,100,922	40,100,922
Less: Accumulated impairment losses	(6,095,000)	(6,095,000)
	<u>34,005,922</u>	<u>34,005,922</u>

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	Principal Activities
	2011	2010	
AHB Technology Sdn. Bhd.	100%	100%	Trading of office furniture and specialised computer furniture
AHB Marketing Sdn. Bhd.	100%	100%	Trading of office interior products
Create Space Sdn. Bhd.	100%	100%	Trading of office interior products
AHB Distribution Sdn. Bhd.	100%	100%	Trading of office interior products

### 13. INTANGIBLE ASSETS

	Development costs
	RM
Balance as of 30 June 2010/ 30 June 2011	<u>4,259,926</u>
<b>Accumulated amortisation</b>	
Balance as of 30 June 2010/ 30 June 2011	<u>(4,259,926)</u>
<b>Net carrying amount</b>	
Balance as of 30 June 2010/ 30 June 2011	<u>-</u>

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 14. DEFERRED TAX ASSETS/(LIABILITY)

#### Deferred Tax Assets

	Group	
	2011 RM	2010 RM
Balance as at 30 June	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	
	2011 RM	2010 RM
Unutilised tax losses	2,500,000	2,500,000

	Group	
	2011 RM	2010 RM
Balance as at 1 July	-	4,700
Less: Arising from disposal of subsidiaries	-	(4,700)
Balance as at 30 June	-	-

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.

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	
	2011 RM	2010 RM
Unutilised tax losses	9,962,000	12,466,000
Unabsorbed capital allowances	25,000	24,000
Temporary differences arising from:		
Property, plant and equipment	(244,000)	(304,000)
Receivables	24,768,000	24,488,000
Inventories	108,000	100,000
	34,619,000	36,775,000

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 them arisen in subsidiaries that have a recent history of losses.

### 15. LAND AND BUILDING HELD FOR SALE

The freehold land and warehouse of the Group with net carrying amount of RM NIL (2010: RM1,458,800) are charged to certain local banks to secure term-out loans.

One of its subsidiaries on 25 June 2008 had entered into a sale and purchase agreement with a third party to dispose the freehold land and warehouse for a consideration of RM2,600,000 pursuant to conditions imposed by the banks on the rescheduling of the term-out loan. The said disposal is completed on during the financial year.

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 16. INVENTORIES

	Group	
	2011 RM	2010 RM
At cost:		
Trading merchandise	9,942,492	9,677,855

### 17. TRADE RECEIVABLES

	Group	
	2011 RM	2010 RM
Trade receivables	36,902,499	37,882,611
Less: Allowance for impairment		
At 1 July	19,662,528	19,940,406
Impairment loss recognised	284,832	200,000
Disposal of subsidiaries	-	(477,878)
At 30 June	19,947,360	19,662,528
	16,955,139	18,220,083

Trade receivables comprise amounts receivable for the sales of goods. The credit period granted on trade receivables is normally 30 days (2010: 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.

Analysis of foreign currency exposure profile of trade receivables is as follows:-

	2011 RM	2010 RM
United States Dollar	22,681,009	20,343,993

### 18. OTHER RECEIVABLES

	Group	
	2011 RM	2010 RM
Non-trade receivables	12,816,741	12,457,157
Less : Allowance for impairment		
At 1 July	4,823,959	1,289,072
Impairment loss recognised	-	3,534,887
At 30 June	4,823,959	4,823,959
	7,992,782	7,633,198
Refundable deposits	115,990	136,796
	8,108,772	7,769,994

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 19. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(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.

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

	Company	
	2011 RM	2010 RM
<b>Amount due from subsidiaries</b>		
<b>AHB Technology Sdn Bhd</b>		
Trade/Non-trade	13,173,708	14,440,753
<b>AHB Distribution Sdn Bhd</b>		
Trade/Non-trade	<u>65,791</u>	<u>104,904</u>
	<u>13,239,499</u>	<u>14,545,657</u>
<b>Amount due to subsidiaries</b>		
<b>AHB Marketing Sdn Bhd</b>		
Trade/Non-trade	(8,973,163)	(8,973,163)
<b>Create Space Sdn Bhd</b>		
Trade/Non-trade	<u>(1,623)</u>	<u>(1,623)</u>
	<u>(8,974,786)</u>	<u>(8,974,786)</u>

### 20. SHARE CAPITAL

	Group and Company	
	2011 RM	2010 RM
<b>Authorised:</b>		
1,000,000,000 ordinary shares of RM1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued and fully paid:</b>		
48,131,398 ordinary shares of RM1 each	<u>48,131,398</u>	<u>48,131,398</u>

(a) 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 2010, the outstanding Warrants 2005/2014 totaling 5,228,000 (2010: 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.

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 21. SHARE PREMIUM

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

### 22. BANK BORROWINGS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Secured</b>				
Term loans	5,264,621	8,139,085	2,667,656	2,609,040
Less: Amount due within 12 months	(1,837,361)	(4,271,689)	(649,272)	(253,289)
Non-current portion	<u>3,427,260</u>	<u>3,867,396</u>	<u>2,018,384</u>	<u>2,355,751</u>

The non-current portion is repayable as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Later than 1 year but not later than 2 years	1,308,792	1,837,361	432,000	649,272
Later than 2 year but not later than 5 years	<u>2,118,468</u>	<u>2,030,035</u>	<u>1,586,384</u>	<u>1,706,479</u>
	<u>3,427,260</u>	<u>3,867,396</u>	<u>2,018,384</u>	<u>2,355,751</u>

#### Company

During the financial year, 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.

#### Group

The term-out loan bears interest at a rate of 1.0% (2010:1.5%) per annum above the lending banks' base lending rates.

The term loans bear interest at a rate ranging from 1.5% to 2.5% (2010:2.5%) per annum above the lending banks' base lending rates.

During the financial year, 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 (2010: 30 to 100 days).

### 24. OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-trade payables	10,301,859	10,768,099	-	-
Accrued expenses	<u>4,330,272</u>	<u>2,670,115</u>	<u>185,984</u>	<u>519,982</u>
	<u>14,632,131</u>	<u>13,438,214</u>	<u>185,984</u>	<u>519,982</u>

Included in other payables as at 30 June 2011 is an amount of RM10,257,098 (2010: RM10,957,498) due to third party which is unsecured, bear interest at 6.375% (2010: 6.375%) per annum and with no fixed term of repayment.

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 25. AMOUNT DUE TO DIRECTORS

The amount due to Directors arose from fees payable to the Directors of the Company. It is unsecured, interest-rate and repayable on demand.

### 26. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and other liabilities measured at amortised cost ("AC"):

2011 Group	Carrying amount		
	amount RM	L&R RM	AC RM
<b>Financial assets</b>			
Trade receivables (Note 17)	16,955,139	16,955,139	-
Other receivables (Note 18)	8,108,772	8,108,772	-
Cash and bank balances	804,346	804,346	-
	<u>25,868,257</u>	<u>25,868,257</u>	<u>-</u>
<b>Financial liabilities</b>			
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
	<u>24,749,755</u>	<u>-</u>	<u>24,749,755</u>
<b>2011 Company</b>			
<b>Financial assets</b>			
Amount due from subsidiaries	13,239,499	13,239,499	-
Cash and bank balances	1,591	1,591	-
	<u>13,241,090</u>	<u>13,241,090</u>	<u>-</u>
<b>Financial liabilities</b>			
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
	<u>12,169,484</u>	<u>-</u>	<u>12,169,484</u>

Comparative figures have not been presented for 30 June 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Financial risks

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.

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

### Financial risks (cont.)

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.):

#### (a) Credit risk (cont.)

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. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

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

#### (i) Receivables

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

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

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:

2011	Gross	Individually	Net
Group	RM	impaired	RM
	RM	RM	RM
Not past due	5,144,726	-	5,144,726
Past due for 1-30 days	3,016,174	-	3,016,174
Past due for 31-60 days	944,908	-	944,908
Past due for 61-90 days	115,206	-	115,206
Past due for 91-120 days	1,344,074	-	1,344,074
Past due for more than 121 days	26,337,411	19,947,360	6,390,051
	<u>36,902,499</u>	<u>19,947,360</u>	<u>16,955,139</u>

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 2011, trade receivables of the Group of RM11,810,413 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

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.

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

#### Financial risks (cont.)

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.):

#### (a) Credit risk (cont.)

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

##### (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.

##### (iii) Investments and other financial assets

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.

##### (iv) Financial/corporate guarantees

The Company provides unsecured corporate guarantees to licensed banks in respect of banking facilities 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.

#### (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.

2011 Group	Within 1 year RM	1 to 2 years RM	2 to 5 years RM
Trade payables	4,511,945	-	-
Other payables	14,632,131	-	-
Amount due to Directors	341,058	-	-
Bank borrowings	1,837,361	1,308,792	2,118,468
	21,322,495	1,308,792	2,118,468
	21,322,495	1,308,792	2,118,468
2011 Company	Within 1 year RM	1 to 2 years RM	2 to 5 years RM
Other payables	185,984	-	-
Amount due to subsidiaries	8,974,786	-	-
Amount due to Directors	341,058	-	-
Bank borrowings	649,272	432,000	1,586,384
	10,151,100	432,000	1,586,384
	10,151,100	432,000	1,586,384

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

#### Financial risks (cont.)

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.):

#### (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 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.

	Profit/(Loss) for the year RM	Equity RM
<b>2011</b>		
<b>Group</b>		
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.

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 disclosed in the Notes 22 to the Financial Statements.

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 RM	-100 bp RM	+100 bp RM	-100 bp RM
<b>Group</b>				
30 June 2011	52,646	(52,646)	52,646	(52,646)
<b>Company</b>				
30 June 2011	26,676	(26,676)	26,676	(26,676)

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

#### 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.

### 28. 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.

### 29. 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	
	2011 RM	2010 RM
South-Eastern Asia	4,436,149	5,617,862
Middle East	10,778,912	17,615,887
South-Central Asia	6,070,200	4,002,527
	<u>21,285,261</u>	<u>27,236,276</u>

#### Major customers

Revenue from a single (2010: 5 customers) customer of the Group amounted to RM10,478,386 (2010: RM20,427,207) contributed to more than 49% (2010: 75%) of the Group's revenues.

(ii) Non current assets

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

### 30. 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 above profit guarantee 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

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 30. PROFIT GUARANTEE (cont.)

In this connection, the guarantors acknowledged their liabilities in relation to the above profit guarantee 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: (cont.)

- (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.

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.

### 31. CONTINGENT LIABILITIES - UNSECURED

#### Company

As at 30 June 2011, the Company has issued corporate guarantees to a local licensed banks for term loan and other banking facilities totaling RM2,597,000 (2010: RM5,530,000) granted to a subsidiary. Accordingly, the Company is contingently liable to the extent of term loan and other banking facilities utilised by the said subsidiary.

### 32. COMPARATIVE INFORMATION

The comparative figures of the Group has been reclassified to confirm with current year presentation:-

2010	Group	
	As reclassified RM	As previously reported RM
<b>Current assets</b>		
Trade receivables	18,220,083	14,196,499
<b>Current liabilities</b>		
Trade payables	5,147,867	1,124,283

## NOTES TO FINANCIAL STATEMENTS (cont.)

### 33. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on Group and Company basis in the annual audited financial statements.

The breakdown of unappropriated profits as at the end of the reporting period 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 - 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 are as follows:

	<b>Group 2011 RM</b>	<b>Company 2011 RM</b>
Total accumulated losses of the Company and its subsidiaries		
- Realised	(33,906,502)	(16,708,202)
- Unrealised	<u>2,221,628</u>	<u>-</u>
	(31,684,874)	(16,708,202)
Less: Consolidation adjustments	<u>(3,986,190)</u>	<u>-</u>
<b>Total accumulated losses as per consolidated financial statements</b>	<u><u>(35,671,064)</u></u>	<u><u>(16,708,202)</u></u>

The above disclosures were approved by the Board of Directors in accordance with a resolution of Directors on 25 October 2011.

## STATEMENTS BY DIRECTORS

The Directors of **AHB HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements, are drawn up in accordance with 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 2011 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

---

YONG CHEW KEAT

Kuala Lumpur  
25 October 2011

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

**AHB Holdings Berhad**  
Annual Report 2011

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 provisions of the Statutory Declarations Act, 1960.

---

YONG YOKE KEONG

Subscribed and solemnly declared by the abovenamed at  
**KUALA LUMPUR** this 25 October 2011

Before me,

---

**COMMISSIONER FOR OATHS**  
S. ARULSAM Y (W.490)

# STATISTICS OF SHAREHOLDINGS AS AT 25 OCTOBER 2011

AHB Holdings Berhad  
Annual Report 2011

Authorised Share Capital:	RM1,000,000,000.00
Issued and Fully Paid-up Capital:	RM48,131,398.00
Class of Shares:	Ordinary Shares of RM1.00 each
Voting Rights:	1 vote per Ordinary Share

## ANALYSIS OF SHAREHOLDINGS AS AT 25 OCTOBER 2011

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF SHARES HELD	PERCENTAGE (%)
49	1-99	2,649	0.005
162	100 - 1,000	108,616	0.225
1,002	1,001 - 10,000	3,717,405	7.723
325	10,001 - 100,000	11,025,053	22.906
64	100,001 - 2,406,568 (*)	24,447,595	50.793
3	2,406,569 AND ABOVE (**)	8,830,080	18.345
<b>1,605</b>		<b>48,131,398</b>	<b>100.000</b>

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

## TOP 30 SHAREHOLDERS AS AT 25 OCTOBER 2011

No.	Name of Shareholders	Number of Shares Held	Percentage (%)
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YONG YOKE KEONG	3,864,000	8.028
2.	ISKANDAR HOLDINGS SDN BHD	2,513,280	5.221
3.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG (4966 JTRK)	2,452,800	5.096
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG YOKE KEONG (STAKEHOLDERS)	2,184,432	4.538
5.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG YOKE KEONG	1,644,000	3.415
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR YONG CHEW KEAT (STAKEHOLDERS)	1,297,068	2.694
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT (4966 JTRK)	1,051,200	2.184
8.	HLG NOMINEE (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIVERMORE INVESTMENT FUND (CCTS)	1,000,100	2.077
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ESPRIWASA SDN BHD (STAKEHOLDERS)	994,560	2.066
10.	CHENG KWAI LAN	885,298	1.839
11.	VOON JYE WAH	839,000	1.743
12.	THAVRON ASSOCIATES LIMITED	805,850	1.674
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE MERCHANT NOMINEES (TEMPATAN) SDN BHD FOR ISKANDAR HOLDINGS SDN BHD (STAKEHOLDERS)	781,440	1.623
14.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD	693,348	1.440
15.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE	596,000	1.238
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG YOOK CHU @ ANG YOKE FONG (8076574)	588,800	1.223
17.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHEW KEAT	581,502	1.208
18.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE HONG LEONG	579,000	1.202

## STATISTICS OF SHAREHOLDINGS AS AT 25 OCTOBER 2011 (cont.)

AHB Holdings Berhad  
Annual Report 2011

### ANALYSIS OF SHAREHOLDINGS AS AT 25 OCTOBER 2011 (cont.)

#### TOP 30 SHAREHOLDERS AS AT 25 OCTOBER 2011 (cont.)

<b>No.</b>	<b>Name of Shareholders</b>	<b>Number of Shares Held</b>	<b>Percentage (%)</b>
19.	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG CHEE YANG (CHU0328C)	557,000	1.157
20.	SIAU FART JUM	556,500	1.156
21.	ONG KOK THYE	531,000	1.103
22.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON JYE YNG	421,496	0.875
23.	OOI EE LEE	380,000	0.789
24.	LIM POH FONG	328,269	0.682
25.	TAN POH THIN	305,000	0.633
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR OOI ENG HOOI (MP0040)	270,000	0.560
27.	TEOH BOON HAN @ TEONG BOON HONG	259,000	0.538
28.	GOH YOKE CHOO	255,000	0.529
29.	YEAP KHOO SOON EDWIN	254,500	0.528
30.	MAYBAN NOMINEES (TEMPATAN) SDN BHD NG KOK HWA	230,000	0.477

# STATISTICS OF SHAREHOLDINGS AS AT 25 OCTOBER 2011 (cont.)

## ANALYSIS OF WARRANTS HOLDINGS AS AT 25 OCTOBER 2011

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF WARRANTS HELD	PERCENTAGE (%)
0	1-99	0	0.000
85	100 - 1,000	11,900	0.227
2	1,001 - 10,000	4,800	0.091
1	10,001 - 100,000	50,100	0.958
0	100,001 - 261,399 (*)	0	0.000
3	261,400 AND ABOVE (**)	5,161,200	98.722
<b>91</b>		<b>5,228,000</b>	<b>100.000</b>

\* Less than 5% of issued warrants

\*\* 5% and above of issued warrants

## TOP 30 WARRANTS HOLDERS AS AT 25 OCTOBER 2011

No.	Name of Warrant Holders	Number of Warrants Percentage	
		Held	(%)
1.	TRIDENT TARGET SDN BHD	2,278,000	43.573
2.	THAVRON ASSOCIATES LIMITED	1,818,400	34.781
3.	THAVRON ASSOCIATES LIMITED	631,600	12.081
4.	VOON JYE WAH	433,100	8.284
5.	ANG YOOK CHU @ ANG YOKE FONG	50,000	0.956
6.	BEH CHU HUNG	2,700	0.051
7.	GOH ENG HOO	2,100	0.040
8.	CHOW HENG LIU	1,000	0.019
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHEE TEONG	1,000	0.019
10.	SUBRAMANIAM A/L GOVINDAN	900	0.017
11.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK KAM LOONG (E-KPG/BKI)	500	0.009
12.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE BENG (E-PPG)	400	0.007
13.	LEE CHEE SIONG	200	0.003
14.	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD AZMAN BIN MOHD MASMOK (MOH3938C)	100	0.001
15.	ALBERT LEE WAY LEONG	100	0.001
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RONIE TAN CHOO SENG (8060347)	100	0.001
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHIN LUAN (8077377)	100	0.001
18.	ANG YOOK CHU @ ANG YOKE FONG	100	0.001
19.	AW TAI-JAK	100	0.001
20.	BERNICE LOW SUE LYN	100	0.001
21.	CHEAH BOON WAH	100	0.001
22.	CHEW CHIN CHIN	100	0.001
23.	CHIA AH MOY @ CHIA CHEE ENG	100	0.001
24.	CHIANG HENG GIN	100	0.001
25.	CHONG FATT CHOY	100	0.001

## STATISTICS OF SHAREHOLDINGS AS AT 25 OCTOBER 2011 (cont.)

AHB Holdings Berhad  
Annual Report 2011

### ANALYSIS OF WARRANTS HOLDINGS AS AT 25 OCTOBER 2011 (cont.)

#### TOP 30 WARRANTS HOLDERS AS AT 25 OCTOBER 2011 (cont.)

<u>No.</u>	<u>Name of Warrant Holders</u>	<u>Number of Warrants Percentage</u>	
		<u>Held</u>	<u>(%)</u>
26.	CHONG KOK YUEN	100	0.001
27.	CHONG WAH PLASTICS SDN BHD	100	0.001
28.	CHONG WAI LING	100	0.001
29.	CHOO WOON KIET	100	0.001
30.	CHOY WEE HERNG	100	0.001

## STATISTICS OF SHAREHOLDINGS AS AT 25 OCTOBER 2011 (cont.)

AHB Holdings Berhad  
Annual Report 2011

### DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 25 OCTOBER 2011

Name of Directors	---Direct---		---Indirect---	
	No. of Ordinary Shares held	%	No. of Ordinary Shares held	%
Mirzan Mahathir	-	-	3,294,720*	6.85
Yong Yoke Keong	10,150,269	21.09	-	-
Yong Chew Keat	2,929,770	6.09	-	-
Lim Chee Hoong	-	-	-	-
Danny Ng Siew L'Leong	-	-	-	-

Note :

\*Deemed interest by virtue of his interest in Iskandar Holdings Sdn Bhd, the substantial shareholder of the Company.

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 25 OCTOBER 2011

Name of Substantial Shareholders	Direct		Indirect	
	No. of Ordinary Shares held	%	No. of Ordinary Shares held	%
Yong Yoke Keong	10,150,269	21.09	-	-
Iskandar Holdings Sdn Bhd	3,294,720	6.85	-	-
Mirzan Mahathir	-	-	3,294,720 *	6.85
Yong Chew Keat	2,929,770	6.09	-	-

Note:

\* Deemed interest by virtue of his interest in Iskandar Holdings Sdn Bhd, the substantial shareholder of the Company.

### DISCLOSURE PURSUANT TO SECTION 134(12)(c) OF THE COMPANIES ACT, 1965

Name	Shareholdings
Mirzan Mahathir	-
Yong Yoke Keong	-
Yong Chew Keat	48,000^
Lim Chee Hoong	-
Danny Ng Siew L'Leong	-

Note:

^ Disclosure of the interest held by his spouse, Kor Guat Hwa pursuant to Section 134(12)(c) of the Companies Act, 1965.

# NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

AHB Holdings Berhad  
Annual Report 2011

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at 17, Jalan Industri PBP 11, Pusat Bandar Puchong, 47100 Puchong, Selangor on Friday, 25 November 2011 at 2.30 p.m. or at any adjournment thereof to transact the following business:-

## AGENDA

<b>ORDINARY BUSINESS</b>	
1.	To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2011 and the Directors' and Auditors' Reports thereon.
2.	To approve the payment of Directors' fees of RM120,000 for the financial year ended 30 June 2011. <b>Resolution 1</b>
3.	To re-elect the following Directors who retire in accordance with Article 85 of the Company's Articles of Association :- 3.1 En. Mirzan Mahathir <b>Resolution 2</b> 3.2 Mr. Yong Yoke Keong <b>Resolution 3</b>
4.	To re-appoint Messrs SJ Grant Thornton as the Company's Auditors and to authorise the Directors to fix their remuneration. <b>Resolution 4</b>
<b>SPECIAL BUSINESS</b>	
To consider and if thought fit, to pass the following resolution, with or without modifications, as an Ordinary Resolution of the Company: -	
5.	<b>ORDINARY RESOLUTION - AUTHORITY FOR DIRECTORS TO ISSUE SHARES</b> "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." <b>Resolution 5</b>
6.	To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

**YEOH CHONG KEAT (MIA 2736)**  
**LEE JIA WEN (MAICSA 7060075)**  
Company Secretaries

Kuala Lumpur  
3 November 2011

### Notes:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint more than one (1) proxy but up to a maximum of two (2) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. The instrument of a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the holding of this meeting or at any adjournment thereof.

## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (cont.)

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### Resolution 5

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the nominal value of total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate procured and approved in the preceding year 2010 which was not exercised by the Company during the year, will expire at the forthcoming Eighteenth Annual General Meeting of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

## STATEMENT ACCOMPANYING NOTICE OF THE ANNUAL GENERAL MEETING

### 1. Directors standing for re-election at the Eighteenth Annual General Meeting of the Company

Directors retiring in accordance with Article 85 of the Company's Articles of Association:-

- (a) En. Mirzan Mahathir
- (b) Mr. Yong Yoke Keong

The details of the above Directors standing for re-election are set out in their respective profiles on pages 5 of this Annual Report. Their securities holdings in the Company are set out on page 60 of this Annual Report.

# AHB HOLDINGS BERHAD

(Company No.: 274909-A)

## FORM OF PROXY EIGHTEENTH ANNUAL GENERAL MEETING

No. of Ordinary Shares Held

CDS Account No.

\*I/\*We, \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_  
(Full Address)

being a member of **AHB HOLDINGS BERHAD** hereby appoint \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_  
(Full Address)

or failing \*him/\*her \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_  
(Full Address)

or failing \*him/\*her, the CHAIRMAN OF THE MEETING as \*my/\*our proxy to vote for \*me/\*us on \*my/\*our behalf at the Eighteenth Annual General Meeting of the Company to be held at 17, Jalan Industri PBP 11, Pusat Bandar Puchong, 47100 Puchong, Selangor on Friday, 25 November 2011 at 2.30 p.m. or at any adjournment thereof.

\*My/\*Our proxy is to vote as indicated below:-

RESOLUTIONS	*FOR	*AGAINST
<b>ORDINARY BUSINESS</b>		
1. To approve the payment of Directors' fees.		
2. To re-elect En. Mirzan Mahathir as Director.		
3. To re-elect Mr Yong Yoke Keong as Director.		
4. To re-appoint Messrs SJ Grant Thornton as the Company's Auditors.		
<b>SPECIAL BUSINESS</b>		
5. Ordinary Resolution To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

\*Please indicate with an "X" in the appropriate spaces on how you wish your vote to be cast. In the absence of specific direction, the proxy will vote or abstain as he/she thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011

\_\_\_\_\_  
Signature / Common Seal of Member

### Notes:

- A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- A member shall be entitled to appoint more than one (1) proxy but up to a maximum of two (2) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- The instrument of a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the Registered Office of the Company situated at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the holding of this meeting or at any adjournment thereof.

Please fold here

The Company Secretary

**AHB HOLDINGS BERHAD**

(Company No. 274909-A)

C/O ARCHER CORPORATE SERVICES SDN BHD

(Company No. 481718-D)

Suite 11-1A, Level 11  
Menara Weld  
76, Jalan Raja Chulan  
50200 Kuala Lumpur

STAMP

Please fold here



**AHB Holdings Berhad** (274909-A)

Registered Office: Suite 11-1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

☎ : +603.2031.1988 ☎ : +603.2031.9788 🌐 : [www.ahb.com.my](http://www.ahb.com.my) ✉ : [mailbox@ahb.com.my](mailto:mailbox@ahb.com.my)