ANNUAL REPORT

2017

Solid Foundation, Sustainable Business

EUROSPAN HOLDINGS BERHAD (351927-M)

EST.1972

SOLID FOUNDATION, SUSTAINABLE BUSINESS

With the emergence of competitions in the market, Eurospan Holdings Berhad perceives challenges ahead in order to improve its creativity in designing innovative furniture. For so many years after being listed as a public company in Malaysia, Eurospan Holdings Berhad has laid a solid foundation to serve the domestic markets as well as competing in the international markets. With the company's knowledge and experiences in creative design and furniture, it will continue to improve its business sustainability.

VISION

Leading through innovation.

MISSION

We will target niche markets that appreciate our innovative design. Stress on continuous improvement and human capital development, thus satisfying all our stakeholders.

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CORPORATE INFORMATION

Board of Directors

Guan Kok Beng
Chairman/Managing Director

Guan Shaw Kee
Executive Director

Guan Shaw Yin
Executive Director

Sim Yee Fuan
Independent Non-Executive Director

Lim Chun Thang
Independent Non-Executive Director

Ch'ng Lay Hoon
Independent Non-Executive Director

Audit Committee

Sim Yee Fuan
Chairman, Independent Non-Executive Director

Lim Chun Thang
Member, Independent Non-Executive Director

Ch'ng Lay Hoon
Member, Independent Non-Executive Director

Remuneration Committee

Sim Yee Fuan
Chairman, Independent Non-Executive Director

Lim Chun Thang
Member, Independent Non-Executive Director

Guan Kok Beng
Member, Managing Director

Nominating Committee

Sim Yee Fuan
Chairman, Independent Non-Executive Director

Lim Chun Thang
Member, Independent Non-Executive Director

Company Secretary

Lim Kim Teck (MAICSA 7010844)

Registered Office

35, 1st Floor, Jalan Kelisa Emas 1
Taman Kelisa Emas
13700 Seberang Jaya, Penang

Tel : 604-397 6672
Fax : 604-397 6675

Share Registrar

Plantation Agencies Sdn. Berhad
3rd Floor, Standard Chartered Bank
Chambers, Lebuh Pantai
10300 Penang

Tel : 604-262 5333
Fax : 604-262 2018

External Auditors

Grant Thornton (AF 0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Tel : 04-228 7828
Fax: 04-227 9828

Principal Bankers

United Overseas Bank (Malaysia) Bhd.
Malayan Banking Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Sector : Consumer Products
Stock Name : EUROSP
Stock Code : 7094

Website

www.eurospan.com.my

EUROSPAN HOLDINGS BERHAD (351927-M)

EST.1972

Eurospan Holdings Berhad was incorporated in Malaysia on 19 July 1995 under the Companies Act 1965 as a public limited company. It has been listed on the Main Market of Bursa Malaysia Securities Berhad since 10 July 2000. The Company is an investment holding company and its wholly-owned subsidiary companies are Eurospan Furniture Sdn. Bhd., Dynaspan Furniture Sdn. Bhd., Euroswood Furniture Sdn. Bhd. and Dynaword Sdn. Bhd.

100%
Eurospan Furniture Sdn. Bhd. (177650-M)
Manufacturing & trading of furniture & wood-based products

100%
Dynaspan Furniture Sdn. Bhd. (231752-D)
Manufacturing of furniture & wood-based products

100%
Euroswood Furniture Sdn. Bhd. (372489-W)
Investment Holding

100%
Dynaword Sdn. Bhd. (373749-H)
Investment Holding

CHAIRMAN & MANAGING DIRECTOR'S MESSAGE & MANAGEMENT DISCUSSION AND ANALYSIS

To our valued shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of **Eurospan Holdings Berhad** ("Eurospan") for the financial year ended 31 May 2017.

Overview of Business and Strategies

Established in 1972 as Sin Bin Furniture, Eurospan Group of Companies ("Eurospan Group" or the "Group") enjoys a well-founded reputation for its world class wood dining sets. Our diverse range of ready-to-assemble and assembled furniture is produced exclusively for export.

Located in Malaysia, Eurospan Group has three manufacturing facilities in the country, all of which follow strict environmental, quality and material wastage management systems.

Our capacity to meet these management systems attest to our ability to meet stringent international production standards. Before shipment, products are sent for advanced strength and stability testing to attain the quality certifications required for their specific markets.

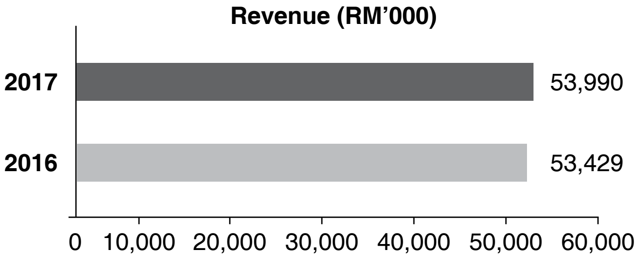
Today, Eurospan Group exports to some of the world's most competitive markets among which are Europe, United Kingdom, U.S.A, Canada, and South America, Australia, Africa, Japan, Hong Kong and Singapore.

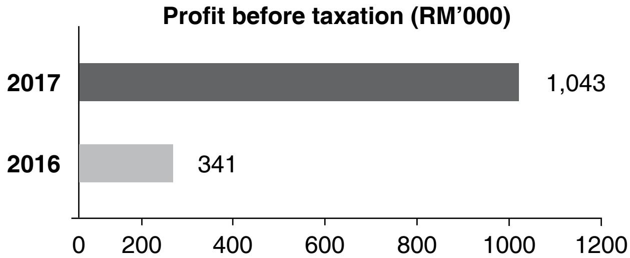
Eurospan Group is customer-orientated. We always place the customer's need and quality aspects as priorities to meet customer's expectation and satisfaction and strive to be a high performance furniture manufacturer to deliver sustainable shareholder value to all stakeholders.

The Group's products cover wide range of contemporary furniture. These products come in various sizes, designs and colours. Our products are designed to serve a wide spectrum of customers. Its multiplicity product designs have provided buyers from various countries a wide choice. The Group will continue to expand its product range to meet the needs of customers from all over the world, and will remain focused on fast-moving dining sets product line but will continue to maintain its strategy of new product developments. The Group is committed to establish itself as a reliable furniture manufacturer and exporter providing good quality products at competitive prices with timely delivery customer service to its valuable customers throughout the world.

FINANCIAL REVIEW

Financial performance





In financial year 2017, we achieved revenue of RM54.0 million compared to RM53.4 million in the preceding year. For the financial year ended 31 May 2017, the Group recorded a profit before taxation of RM1.0 million compared to a profit before taxation of RM0.3 million for the preceding year.

Financial position

	2017 RM'000	2016 RM'000	Year-on-Year Variance (%)
Total assets	**60,620**	58,896	+2.93%
Total liabilities	**12,259**	11,697	+4.80%
Shareholders' equity	**48,361**	47,200	+2.46%
Net assets per share (RM)	**1.09**	1.06	

As at 31 May 2017, our Group's total assets base stood at RM60.62 million representing 2.93% increase as compared to the preceding year.

As at 31 May 2017, our shareholders' equity remained at a positive level at RM48.36 million (2016: RM47.20 million), largely consistent with prior year.

FINANCIAL REVIEW (Cont'd)

Liquidity

	2017 (Days)	2016 (Days)	Changes (Days)
Trade receivables' turnover period [(1)]	**35**	27	8
Inventories' turnover period [(2)]	**95**	111	(16)
Trade payables' turnover period [(2)]	**24**	19	5
Cash conversion cycle	**154**	157	(3)

(1) This is derived using the formula : (Closing balance as at year-end / Total revenue) x 365 days
(2) This is derived using the formula : (Closing balance as at year-end / Cost of sales) x 365 days

Our Group managed to improve the cash conversion cycle from 157 days in the FYE 2016 to 154 days in the FYE 2017. For the FYE 2017, the Group managed to generate net cash of RM2.91 million from operating activities.

	2017 RM'000	2016 RM'000
Cash and cash equivalents at end of financial year:		
- Short-term funds	**2,381**	5,345
- Cash and bank balances	**8,234**	5,076
	10,615	10,421

As at 31 May 2017, the Group's cash and bank balances amounted to RM10.62 million compared to RM10.42 million in the last financial year. The excess cash, other than for working capital purposes, was placed in interest bearing short term funds with financial institutions.

Capital expenditure

During the year, the Group spent approximately RM0.61 million in capital expenditure which were mainly incurred in acquisition of machinery and equipment.

Borrowings

Borrowings	2017 RM'000	2016 RM'000
Short term (repayable within 12 months)	**2,484**	2,926
Long term (repayable beyond 12 months)	**-**	-
	2,484	2,926

The Group is in net cash position which places it in a strong financial position to obtain financing to fund capital expenditure and/ or working capital requirements for expansion of its operations or new ventures should the opportunity arise.

BUSINESS REVIEW

Market

We have established an international business network through our participation in various international furniture exhibitions throughout the years. We continuously seek long term partnerships with international buyers to identify market niches in high growth countries and to further enhance our delivery capabilities.

Research And Development

As a leading furniture maker, Eurospan continues to diversify our product range to meet the latest home trends and customer needs. Our research & development division plays a major role in spearheading the development of new original equipment manufacturer (OEM) and original design manufacturer (ODM) designs. Prototype development, machine upgrading and maintenance, material development and process auditing are among the functions our R&D undertakes to ensure only the finest quality products.

RISKS

Similar to other companies in the furniture industry, the Group has a significant dependency on labour for its production operations. The Group manages this risk through gradual enhancement of the production facilities and automation of key processes to reduce manpower requirements.

The Group faces foreign currency risk as sales of its products and purchases of certain raw materials are denominated in foreign currencies. The Group has in place a mechanism to monitor currency fluctuation for costing and quotation purposes. It also uses foreign currency accounts and hedges trade receivables and payables in foreign currencies to manage fluctuations in exchange rates of those currencies.

OUTLOOK

Bank Negara Malaysia has forecasted an improved GDP growth of between 4.3% to 4.8% for 2017, spurred by strong exports across major sectors of manufacturing, mining and construction.

For the South East Asia region, Asian Development Bank (ADB) predicts that GDP growth is expected to remain at a similar level of 4.8% in 2017 in comparison to 2016, with all economies expected to show a stable growth level.

The Group will continue to be cautious on the challenges ahead. The management will continue its effort in improving its operating results in financial year ending 31 May 2018.

DIVIDEND

The Board of Directors does not recommend any dividend payment for the financial year ended 31 May 2017.

APPRECIATION

On behalf of the Board of Directors, I wish to express our deepest appreciation to our shareholders, customers, business associates, regulatory bodies, financial institutions and suppliers for their assistance and continued support. We will continue to uphold your trust and confidence in the Group. I wish to extend my heartfelt thanks to the management and all associates of the Group for their dedication, hard work and loyalty that are seeing us through our challenges. The Group continues to remain strong as a result of the concerted effort of the entire team.

Guan Kok Beng
Chairman and Managing Director
05 September 2017

Guan Kok Beng

Chairman & Managing Director
Members of Remuneration Committee

Mr. Guan Kok Beng, male, a Malaysian citizen, aged 65, was appointed as a Director and Managing Director of the Company on 30 April 2000. On 19 May 2000 he was appointed as the Chairman of the Board of Directors.

With over 37 years of experience in the furniture industry, he is responsible for strategic business development, providing direction and coordinating the overall marketing and production operations of the Group. He was the President of the Penang Furniture Manufacturers and Dealers Association ("PFMDA") from 1992 to 1995 and subsequently appointed as the Advisor since 1996. He was also a committee member of the Malaysian Furniture Industry Council from 1992 to 1995.

His sons, Guan Shaw Kee and Guan Shaw Yin, are also members of the Board. He is a major shareholder of TBHL Holdings Sdn. Bhd., which is a major shareholder of Eurospan.

Guan Shaw Kee

Executive Director

Mr. Guan Shaw Kee, male, a Malaysian citizen, aged 41, was appointed as an Executive Director of the Company on 28 April 2008 to be primarily involved in sales and marketing, research and development, human resources and administrative functions and overseeing the management information systems of the Group. He obtained his diploma in Computing & Information Technology from Alexander Institute of Technology in Australia and joined Eurospan since 2002.

His father, Guan Kok Beng, and his brother, Guan Shaw Yin, are also members of the Board.

Guan Shaw Yin

Executive Director

Mr. Guan Shaw Yin, male, a Malaysian citizen, aged 39, was appointed as an Executive Director of the Company on 28 April 2008 to be primarily involved in manufacturing, logistic, finance as well as the quality control and assurance procedures of the Group. He holds a bachelor degree in Business Administration from Northwood University, USA and joined Eurospan since 2006.

His father, Guan Kok Beng, and his brother, Guan Shaw Kee, are also members of the Board.

Sim Yee Fuan

Independent Non-Executive Director
Chairman of Audit Committee, Remuneration Committee and Nominating Committee

Mr. Sim Yee Fuan, male, a Malaysian Citizen, aged 51, was appointed as an Independent Non-Executive Director of the Company on 30 October 2012. He graduated from University of Malaya with Bachelor of Accounting (Honour) and obtained his professional qualification from Malaysian Institute of Certified Public Accountants (MICPA). He holds a Master Degree in Business Administration from Northern University of Malaysia. He is a Chartered Accountant registered with the Malaysia Institute of Accountants (MIA). He started his career with Bank Negara Malaysia ("BNM") from 1991 to 1995 and had gained the banking experience in Balance of Payment Department (now known as Foreign Exchange Administration Department) and Bank Examination 1 Department (now known as Banking Supervision Department). During 1995 to 2006, he was attached to public listed companies on the Bursa Securities where his job responsibilities were in the areas of accounting, finance, taxation and corporate management.

Currently, he is also an Executive Director of Unimech Group Berhad. He is an Independent Non-Executive Director of SCH Group Berhad and Saudee Group Berhad. He is also the commissioner of PT Arita Prima Indonesia Tbk, a company listed on Indonesia Stock Exchange.

Lim Chun Thang

Independent Non-Executive Director
Member of Audit Committee, Remuneration Committee and Nominating Committee

Mr. Lim Chun Thang, male, a Malaysian citizen, aged 52, was appointed as an Independent Non-Executive Director of the Company on 1 July 2014. He graduated from Middlesex University, London with Bachelor Degree in Accounting and Finance (Honours). His working experience has been in corporate planning as well as accounting and finance. He joined Arab-Malaysian Merchant Bank in 1995 and left in 1997 as Corporate Finance Officer. Thereafter, he was attached to a few public listed companies listed on Bursa Malaysia Securities Berhad. Presently, he is Personal Assistant to Group Chairman and Managing Director of a public listed company in Malaysia.

Ch'ng Lay Hoon

Independent Non-Executive Director
Member of Audit Committee

Ms. Ch'ng Lay Hoon, female, a Malaysian citizen, aged 56, was appointed as an Independent Non-Executive Director of the Company on 30 June 2017. She is an Associate Member of the Institute of Chartered Secretaries and Administrators, United Kingdom and the Malaysian Institute of Chartered Secretaries And Administrators since 1988. She has been a practicing Chartered Secretary for more than 30 years. She offers advice and consulting on corporate secretarial, corporate consultation and planning, company administration and its related matters.

KEY SENIOR MANAGEMENT

Mr. Lee Beng Tek, male, a Malaysian citizen, aged 50, is the Director of Dynaspan Furniture Sdn Bhd, a wholly owned subsidiary of the Group. He joined the Group in 1989 as Production Manager and was appointed as Production Director in 1995. He is responsible for all the production activities. He has more than 29 years of working experience in the furniture industry. Prior to joining the Group, he worked as a Production Supervisor in a furniture manufacturing company in Prai from January 1988 to April 1989.

Ms. Lee Siew Yen, female, a Malaysian citizen, aged 37, is the Finance Manager of the Group. She joined the Group in 2017 as Finance Manager. She is responsible for the financial planning and accounting functions of the Group. Ms. Lee graduated with a Bachelor of Accountancy (Honours) from Universiti Utara Malaysia. She is a member of the Malaysian Institute of Accountants. Ms. Lee started her career as an auditor with a local audit firm. She later joined a public listed company where she has gained exposure in financial planning and accounting functions.

Conflict of Interest
None of the Directors and key senior management person has any conflict of interest with the Company.

Conviction for Offences
None of the Directors and key senior management person has been convicted for offences within the past 5 years.

Material Contracts
There are no material contracts of the Company and its subsidiaries that involve the interests of Directors and major Shareholders.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognises the importance of good corporate governance and the need to ensure that it is observed and practiced throughout the Group. It strives to continually improve and comply with the principles and recommendations on corporate governance as articulated in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

This Statement sets out the details on how the Group has applied the Principles and Recommendations mentioned above.

Principle 1: Establish clear roles and responsibilities

Functions reserved for the Board

The Board is responsible for guiding and monitoring the Company on behalf of its shareholders. The Board has adopted a Board Charter that sets out the division of responsibilities between the Executive Directors, the Non-Executive Directors and the management team. The Board delegates the day-to-day management of the business to the Executive Directors and the management team. However, certain functions are specifically reserved for the Board which include the following:

- In conjunction with management, establishing a vision and strategies for the Group;
- Approving the Group's annual business plan and budget;
- Approving specific items of material capital expenditure and investments and disinvestments;
- Appointing Directors to the Board;
- Appointing and approving the terms and conditions of appointment of the Chief Executive Officer (CEO);
- Approving any significant changes to accounting policies;
- Approving the quarterly financial statements;
- Approving the annual financial statements;
- Approving any interim dividends and recommending any final dividends to shareholders;
- Approving all circulars, statements and corresponding documents sent to shareholders;
- Approving the terms of reference and membership of Board Committees; and
- Approving Company policies which may be developed from time to time.

Roles and responsibilities

In fulfilling its function, the Board assumes, among others, the following responsibilities:

- Providing leadership and strategic directions for the Group;
- Overseeing the proper conduct of the business;
- Ensuring prudent and effective controls and risk management system; and
- Reviewing the performance of management.

Code of conduct and Whistleblowing Policy

The Board is committed to uphold compliance with relevant requirements of laws, its Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") in the conduct of the business of the Company. In addition, the Directors observe a Code of Ethics, which was developed by the Board based substantially on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

The Board has set up a framework for employees and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud waste, and/or abuse involving the resources of the Company. The Whistle-Blowing Policy adopted by the Company provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct wrongdoings, corruption, fraud, waste and/or abuse in good faith without fear of adverse consequences.

The Directors' Code of Ethics and whistleblowing policy are available on the Company's website at http://www.eurospan.com.my.

Sustainability

In setting the Group's overall business strategy, the Board took into consideration and implemented strategies and practices that would promote sustainable growth for the Group. These strategies are integrated into the Group's Corporate Social Responsibility practices which cover the areas of the environment, community, marketplace and workplace. The efforts of the Group in these areas are detailed in the Corporate Social Responsibility Statement in this Annual Report.

Principle 1: Establish clear roles and responsibilities (Cont'd)

Access to information and advice

All Directors have full and timely access to information with Board papers distributed in advance of meetings. Agenda and discussion papers, including quarterly and annual financial statements, minutes of meetings and board papers which include reports relevant to the issues of the meetings covering the areas of strategic, financial and operational matters are usually circulated one week prior to Board Meetings to allow the Directors to study and evaluate the matters to be discussed.

If required, the Directors may take independent professional advice in the furtherance of their duties at the Company's expense. Before incurring the professional fee, the Director concerned must seek the approval of the Board. The Directors may access all information within the Group in furtherance of their duties.

Company Secretary

The Directors have direct access to the advice and the services of the Company Secretary to enable them to discharge their duties. The Company Secretary updates the Directors periodically when new statues and requirements are issued by the regulatory authorities to ensure that the Directors are aware of regulatory developments that affect them in carrying out their responsibilities. The Company Secretary also makes announcements to Bursa Malaysia Securities Berhad ("Bursa Securities") on behalf of the Company and brief the Board on proposed contents of material announcements prior to their release.

The Company Secretary convenes all Board meetings and attends all Board meetings to ensure that Board procedures are followed and accurate records of the proceedings and resolutions passed are maintained. The Company Secretary also ensures that the statutory registers are properly maintained at the registered office of the Company. The Board believes that the current Company Secretary who is qualified and experienced is capable of carrying out his duties to assist the Board in ensuring adherence to Board policies and procedures.

Board Charter

The Board has formally adopted a Board Charter which provides guidance to the Board in the fulfillment of its roles, duties and responsibilities which are in line with relevant legislations, regulations and the principles of good corporate governance. The Board Charter outlines the composition and structure of the Board, the appointment of new Directors to the Board, the Board's powers, duties and responsibilities including the division of responsibilities between Executive and Non-executive Directors and management, establishment of Board Committees, remuneration of Directors and processes and procedures for convening Board meetings. The Board Charter also underlines the Board's commitment to compliance with laws, regulations and its internal Code of Ethics. The Board Charter is subject to periodic review and will be updated from time to time to reflect changes to the Company's policies, procedures and processes as well as changes to legislations and regulations. The Board Charter is available on the Company's website at http://www.eurospan.com.my.

Principle 2: Strengthen composition

Nominating Committee

The Nominating Committee comprises wholly of Non-Executive Directors, a majority of whom are independent. Details of the membership of the Nominating Committee are as follows:

Nominating Committee Members	Position in Nominating Committee	Directorate
Sim Yee Fuan	Chairman	Independent Non-Executive Director
Lim Chun Thang	Member	Independent Non-Executive Director
Guan Kim Heng (resigned on 30 June 2017)	Member	Non-Independent Non-Executtive Director

The key duties and responsibilities of the Nominating Committee include, amongst others, the following:

a) To assess and recommend to the Board all candidates for directorships to be filled by the shareholders, the Board or any other stakeholder.
b) To assess the contribution of each individual Director, the effectiveness of the Board as a whole and the Committees of the Board.
c) To review the required mix of skills, experience, gender diversity and other qualities, including core competencies, of the members of the Board.
d) To review and assess the independence of Independent Directors on the Board.
e) To review the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

The terms of reference of the Nominating Committee is available on the Company's website at http://www.eurospan.com.my.

The Nominating Committee has met once during the financial year, in carrying out an annual review of the Board, its Committees and the contribution of individual Directors to the Company.

Criteria used in recruitment and annual assessment

The Nominating Committees' responsibilities include the development and review of the criteria to be used in the recruitment of Board members and the annual assessment of Directors. The Nominating Committees has developed the following procedure for considering potential Board candidates:

a) the skills, experience and knowledge appropriate for a candidate will be determined, having regard to those of the existing Directors and any other likely changes to the Board;
b) upon identifying a potential candidate, the following will be considered:
   - qualifications, competencies and integrity of the candidate;
   - other directorships and time availability of the candidate;
   - independence of the candidate, if an Independent Director is being considered;
   - the effect that the appointment would have on the overall balance of the composition of the Board; and
c) the proposed appointee must be approved by all existing Board members.

An assessment of the Board is undertaken annually. The evaluation is carried out by way of questionnaires sent to each Director. The questionnaires cover the composition, role, procedures and practices of the Board as a whole and the assessment of each Director's performance by each of his peers. The individual responses to the questionnaires are confidential to each Director, with questionnaire responses summarised for consideration by the Nominating Committee and subsequently reported back to the Board.

The Nominating Committee has also conducted an annual review on the terms of office and performance of the Audit Committee and its members. Each member assessed the performance of his peers and the Audit Committee as a whole to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference of the Audit Committee.

An evaluation of the Board and the Audit Committee took place towards the end of the financial year in accordance with the processes described above.

Principle 2: Strengthen composition (Cont'd)

Remuneration policies and procedures

The Remuneration Committee comprises a majority of Non-Executive Directors. Details of the membership of the Remuneration Committee are as follows:

Remuneration Committee Members	Position in Remuneration Committee	Directorate
Sim Yee Fuan	Chairman	Independent Non-Executive Director
Guan Kok Beng	Member	Chairman and Managing Director
Lim Chun Thang	Member	Independent Non-Executive Director

The Remuneration Committee recommends the remuneration for the Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. Individual Directors abstain from deliberations and voting on the decision in respect of their own remuneration.

The Board recognises that the remuneration package should be sufficient to attract, retain and motivate Directors of caliber needed to run the Group successfully. The remuneration of Executive Directors is generally based on their experience, responsibilities held, market conditions and the Group's overall financial performance. The remuneration of Non-Executive Directors is by way of fixed annual fees. Decisions and recommendations of the Committee are reported back to the Board for approval and where required by the rules and regulations governing the Company, for approval of shareholders at the Annual General Meeting.

The Remuneration Committee has met once during the financial year.

Directors' remuneration

The details of the Directors' remuneration for the financial year ended 31 May 2017 are as follows:

Received from the Company

	Salaries (RM'000)	Fees (RM'000)	Other emoluments (RM'000)
Executive Directors	-	100	20
Non-Executive Directors	-	106	10

Received on Group basis

	Salaries (RM'000)	Fees (RM'000)	Other emoluments (RM'000)
Executive Directors	1,500	190	813
Non-Executive Directors	-	106	10

The analysis on Directors' remuneration by remuneration band is as follow:

Received from the Company

	No of Recipient/s	
	Executive Directors	Non-Executive Directors
RM50,000 and below	3	3

Principle 2: Strengthen composition (Cont'd)

Directors' remuneration

Received on Group basis

	No of Recipient/s	
	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM600,001 – RM650,000	1	-
RM650,001 – RM700,000	1	-
RM1,150,001 – RM1,200,000	1	-

Individual remuneration of each Director is not disclosed as the Directors are of the view that the disclosure by bands above provides sufficient information.

Principle 3: Reinforce independence

Annual assessment of Independent Directors

The role of the Independent Directors is to bring independent and objective judgment to the Board which mitigates risks arising from conflict of interest or undue influence from interested parties and protects the interest of minority shareholders. The Board recognises that it is important to periodically assess whether a Director who is designated as independent continue to satisfy such designation. Towards this end, an assessment of independence is carried out on each of the Independent Directors annually by every other member of the Board.

During the financial year, the Board carried out an assessment on each of the Independent Director. Each Independent Director was required to declare his compliance with the criteria of independence as set out in the Board Charter. In addition all the Board members were required to evaluate whether each of the Independent Director had continued to show independent and objective judgment in deliberations at Board meetings as well as his conduct outside of Board meetings in matters relating to the Group's affairs. Based on the evaluation carried out, the Board of Directors concluded that the Independent Directors satisfied the criteria of independence set by the Board.

Tenure of Independent Directors

The MCCG 2012 recommends that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. None of the existing Independent Directors has served on the Board of Directors for a cumulative term of nine years.

Position of Chairman and Chief Executive Officer

The MCCG 2012 recommends that the positions of the Chairman and the Chief Executive Office ("CEO") should be held by different individuals and the Chairman must be a Non-Executive member of the board. Currently the position of the Chairman and CEO are held by the same Director who is an Executive member of the Board. Although this is not in compliance with the recommendations of the MCCG 2012, the Board is of the opinion that no single person has excessive powers of decision as:

a) Board decisions are dependent on the consensus of the Directors, who take an active interest in all major and strategic decisions of the Group; and
b) Three of the six Board members are Independent Non-Executive Directors and they supply a strong independent element to the decision-making process.

Composition of Board

The Board presently has six (6) members which comprises of three (3) Executive Directors and three (3) Independent Non-Executive Directors. Although the Board does not comprise of a majority of Independent Non-Executive Directors as recommended under MCCG 2012 for a Board where the Chairman is an Executive Director, the Board believes that there is a sufficient number of Independent Non-Executive members on the Board such that no individual or group of individuals dominates the Board's decision making. The Board also believes that the number of Directors reflects fairly the investment of the shareholders.

Given the nature and scope of the Group's operations, the Board considers that the current composition of the Board is of the appropriate size and with the right mix of skills and experience in meeting the Group's current needs and requirements. A profile of each Director is presented on pages 7 to 8.

Principle 4: Foster commitment

Time commitment of Directors

The Board meets at least five times a year to review and approve the quarterly and year end financial results. Additional meetings are convened as necessary, when there are urgent and important matters that require the Board's deliberation. Board members may also be nominated to serve on Board Committees which hold their own meetings. Directors and Board Committee members are furnished with papers, reports and material relevant to the issues to be discussed prior to the meetings and are expected to review such material beforehand so that meaningful discussion can take place during meetings. This expectation of time commitment is communicated to new Board members before they are appointed. Directors should also notify the Chairman before accepting any new directorship in other listed companies to assess whether they will be able to devote sufficient time to the Company.

During the financial year ended 31 May 2017, there were five (5) Board meetings held. The commitment of the Directors in carrying out their duties is reflected in full attendance of all the Directors at Board meetings held during the financial year as shown below:

Name of Director	Designation	Attendance
Guan Kok Beng	Chairman and Managing Director	5/5
Guan Shaw Kee	Executive Director	5/5
Guan Shaw Yin	Executive Director	5/5
Sim Yee Fuan	Independent Non-Executive Director	5/5
Lim Chun Thang	Independent Non-Executive Director	5/5
Guan Kim Heng (resigned on 30 June 2017)	Non-Independent Non-Executive Director	5/5
Ch'ng Lay Hoon (appointed on 30 June 2017)	Independent Non-Executive Director	NA

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before the beginning of every year. It provides the scheduled dates for meetings of the Board and Board Committees and the AGM.

Continuing education programmes

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors recognise the need to continue to undergo relevant training programmes to update their knowledge and enhance their skills where relevant to enable them to sustain their active participation as a Board member.

During the financial year ended 31 May 2017, the Directors of the Company had attended seminar or conference organised externally. The programmes attended by the Directors during the year, include the following:

Zero Cost Exporting Furniture To China & Worldwide Markets by State Furniture Association August 2016
Property Outlook & Trends Update by CIMB September 2016
Market Outlook 2H2016 by Affin Hwang Asset Management Bhd. September 2016
Briefing of the Export and Import of Wood and Wood Products by Malaysian Timber Industry Board November 2016
CEO Forum by FMM Institute April 2017

Principle 5: Uphold integrity in financial reporting

Compliance with applicable financial reporting standards

The Directors aim to present a fair assessment of the Group's financial performance, position and prospects primarily through the quarterly reports to Bursa Securities as well as the Annual Report to shareholders.

The Board aims to ensure that it fulfills its responsibility in the area of financial reporting by appointing a suitably qualified finance manager to oversee the financial reporting function. The Board is also assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting. Towards this end the Audit Committee meets to discuss and review the quarterly results and the year end financial statement together with the finance manager and the external auditors where applicable before the financial reports are recommended to the Board for approval and public release.

Principle 5: Uphold integrity in financial reporting (Cont'd)

Suitability and independence of external auditors

The external auditors fulfill an essential role in giving assurance to the shareholders and other parties of the reliability of the financial statements of the Company. The Company has always maintained a formal and transparent relationship with the external auditors in ensuring the Company's compliance with applicable approved accounting standards and statutory requirements.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee's terms of reference.

The Audit Committee is responsible for recommending the appointment or re-appointment of external auditors. In assessing the suitability of external auditors, the Audit Committee will ensure that only firms which have experience in the audit of listed companies and are registered with the Audit Oversight Board will be considered.

The Audit Committee recognises that the regular provision of non-audit services by the external auditors may lead to impairment of the external auditor's independence and objectivity. The external auditors are therefore not normally engaged for non-audit related services. However, the external auditors may be engaged for services related to corporate exercises carried out by the Group from time to time, which are not regular in nature, for which the engagement of the external auditors may be deemed to be more effective for the Group. The external auditors have affirmed that members of their engagement team and the firm have complied with the relevant ethical requirements regarding independence in the conduct of their audit engagement.

The Audit Committee had assessed the performance and independence of the external auditors for the financial year under review. The Board of Directors approved the Audit Committee's recommendation for the re-appointment of the external auditors at the forthcoming Annual General Meeting of the Company.

Principle 6: Recognise and manage risks

Framework to manage risks

The Board is responsible for establishing a sound framework to manage risks and maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets as required by the MCCG 2012. The Directors also have a general responsibility for taking reasonable steps to prevent and detect fraud and other irregularities. The Statement on Risk Management and Internal Control set out on pages 19 to 20 of this Annual Report provides an overview of risk management and the state of internal control within the Group.

Internal audit function

The Board has outsourced its internal audit activities to a professional service firm to support the internal audit function. The Audit Committee Report set out on pages 21 to 23 of this Annual Report provides a summary of the internal audit function and the internal audit activities carried out during the financial year.

Principle 7: Ensure timely and high quality disclosure

Corporate disclosure policies and procedures

The Board abides with the corporate disclosure policies as set out in the Listing Requirements. It is the policy of the Company that immediate disclosure is made of material information. Information is considered material if it is reasonable to expect that it will have a material effect on the price, value or market activity of the Company's securities or it will affect the decision of an investor or holder of the Company's securities in determining his choice of action. The Board members will be kept informed of material matters which require disclosure and appropriate announcement will be drafted by management. Announcements of material matters will be circulated to the Board for buy-off before public release.

However, in exceptional circumstances, the Company may temporarily withhold the disclosure of material information to a more appropriate time such as instances where immediate disclosure would affect the ability of the Company to pursue its corporate objectives, when the facts of the matter at hand is in a state of flux or where company securities laws may restrict the extent of permissible disclosure. Material information which is withheld will be restricted to persons on a strict need-to-know basis and all persons with such information will be informed of the requirement to maintain strict confidentiality. In the event that material information that has been withheld has or is believed to have been inadvertently disclosed or where the information has become generally available to the public, the Company will immediately announce the information. Should there be an unusual price movement, trading activity, or both ("unusual market activity") in its securities which is believed to signify a "leak" of the information or when rumours or reports concerning the information have appeared or where the Company learns that there are signs that insider trading may be taking place, the Company will take steps to announce the information that has been withheld immediately.

The Company strives to ensure that information that is released is in a manner that would obtain wide public dissemination. Disclosure of material information by the Company is first made by an announcement to Bursa Securities via the BURSA LINK. All announcements are also made available on the Company's website. Press conferences may be held if the Board is of the opinion that it would draw better attention to the information that is to be disseminated. However, the Company will ensure that any such information will be first released or simultaneously released to Bursa Securities. The Company will ensure that material information will not be made on an individual or selective basis to any individual or group if it has not been disclosed and disseminated to the public.

While the Company endeavours to provide information to its shareholders and stakeholders, it is also mindful of the requirement to refrain from misleading promotional disclosure activity. The Board will not approve any announcement that may mislead investors and cause unwarranted price movement and activity in the Company's securities.

If the Company becomes aware of any rumour or report, whether true or false, that contains material information on the Company or the Group, the Company will make due enquiry among the Board members and senior management and publicly clarify, confirm or deny the rumour or report as soon as possible.

Where unusual market activity of the Company's securities occurs, the Company will undertake a due enquiry among the Board members and senior management to seek the cause of the unusual market activity. The Company will consider whether there is any information that has been publicly disclosed, has not been publicly disclosed or is the subject matter of rumour or report that would account for the unusual market activity and accordingly take appropriate action. If the Company determines that the unusual market activity results from material information that has already been publicly disclosed, it will take no further action.

All Board members and parties who are insiders are aware of the provisions of the Capital Markets and Services Act 2007 and the Companies Act 2016 with regards to prohibition of trading in the securities of the Company on the basis of material information which is not known to the public. In addition, affected persons are notified of the restrictions in dealing in the Company's securities while in possession of price-sensitive information and during closed periods unless the procedures for dealings during close periods as set out in the Listing Requirements have been complied with.

Principle 7: Ensure timely and high quality disclosure (Cont'd)

Use of information technology to disseminate information

Shareholders and investors are kept informed of all major development within the Group by way of announcements via the BURSA LINK. Announcements are also made of the Company's quarterly results, Annual Reports and other circulars to shareholders, where appropriate, and all these announcements are available to shareholders electronically at Bursa Securities' website. Shareholders can also access the Company's website, http://www.eurospan.com.my for up to date information about the Company and its business as well as announcements made to Bursa Securities.

Principle 8: Strengthen relationship between company and shareholders

Shareholder participation at general meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Notice of AGM and Annual Reports are sent to shareholders at least 21 days before the meeting.

During the AGM, shareholders are given opportunities to enquire and comment on matters relating to the Group's business. The shareholders are encouraged to participate in the open question and answer session in the AGM pertaining to the resolutions being proposed at the meeting and the financial performance and business operation in general. The Directors are available to provide responses to questions from the shareholders during the meeting.

In addition, Extraordinary General Meetings ("EGMs") are held as and when needed to obtain shareholders' approval on certain business or corporate proposals. Adequate notice of EGM, in compliance with regulatory requirements, are sent to shareholders together with comprehensive Circulars/Statements setting out details and explaining the rationale with regards to the matters for which shareholders' approval are being sought.

Poll voting

The Articles of Association of the Company provides that a resolution put to the vote of a meeting may be decided on a show of hands or poll.

In accordance with the Listing Requirements, the Company will conduct poll voting for all the resolutions put to vote at general meetings. In addition, the Company will appoint at least one scrutineer to validate the votes cast at the general meeting.

Communication and proactive engagement with shareholders

AGMs and EGMs where appropriate remain the most common platform for the Company and the Board to have effective communication and engagement with shareholders about performance, corporate governance and other matters affecting shareholders' interest. In addition, the Board may hold press conference where appropriate to keep shareholders informed of the Group's affairs. Information released to the public will also be made available on the Company's website for shareholders to have easy access.

Compliance Statement

Save as disclosed, throughout the financial year ended 31 May 2017, the Group has complied with all the principles and recommendations of the MCCG 2012.

This statement was made in accordance with a Board of Directors' resolution dated 5 September 2017.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors is pleased to provide the following Statement on Risk Management & Internal Control of the Group, which had been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".

Board's Responsibility

The Board of Directors is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board of Directors recognises the importance of good corporate governance and is committed to maintaining a sound system of internal control and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the year.

The system of risk management and internal control covers finance, operations, management information systems and compliance with relevant laws, regulations, policies and procedures. There is an ongoing process to identify, evaluate and manage significant risk faced or potentially to be encountered by the Group. The process is regularly reviewed by the Board.

Due to the limitations that are inherent in any system of internal controls, these systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement or loss.

The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control risks, are operated with the assistance of Management throughout the period. The Board has received assurance from the Chief Executive Officer ("CEO") and the Chief Executive Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The key features of the risk management and internal control systems are described under the following headings:

Risk Management and Internal Control Structure

The Group has an ongoing process for the identification, evaluation, reporting, managing, monitoring and reviewing of the major strategic, business and operation risks within the Group. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis. The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

The Board has established a Risk Management Committee ("RMC") which comprises the CEO, CFO and senior management to assist in the risk management process within the Group.

The Group has an established internal control structure and is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The control structure and environment are supported by the following activities:

(a) An organisation structure with clearly defined lines of responsibilities, authority and accountability;
(b) Documented internal policies, guidelines, procedures and manuals, which are updated from time to time;
(c) Regular Board and management meetings where information is provided to the Board and management covering financial performance and operation;
(d) Quarterly review of financial results by the Board and Audit Committee;
(e) Regular training and development programmes attended by employees with the objective of enhancing their knowledge and competency;
(f) Existence of risk management team to enhance its risk management practice; and
(g) Ongoing reviews on the system of internal controls by an independent internal audit function. Results of such reviews are reported to the Audit Committee, which in turn reports to the Board.

In addition, the Executive Directors have day to day involvement with the business and are responsible for monitoring risks affecting the business and control activities. These are supplemented by comprehensive and independent reviews undertaken by the internal audit function on the controls in operation in each individual business. The internal auditors independently report to the Audit Committee on the outcome and findings from their reviews.

Risk Management Process

The Board regards risk management as an integral part of business operations. For period under review, the RMC is assisted by the senior management team from various divisions to effectively embed risk management and control into the corporate culture, processes and structures within the Group. The RMC has identified and reviewed the major business risk factors affecting the Group and derive risk management strategies to manage and mitigate the risks identified. The following factors were considered in the risk assessment:

(a) The nature and extent of risks facing the Group;
(b) The extent and categories of risk which it regards as acceptable for the Group to bear;
(c) The likelihood of the risks concerned materialising; and
(d) The Group's ability to reduce the incidence of risks that may materialise and their impact on the business.

Control Environment

The Group has in place a proper control environment which emphasises on quality and performance of the Group's employees through the development and implementation of human resources policies and programmes designed to enhance the effectiveness and efficiency of the individual and the organisation.

The Board believes that a sound internal control system reduces, but cannot eliminate, the possibility of poor judgment in decision making, human error, and control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Internal Audit Function

The Board outsourced its internal audit function to a professional firm of consultants to support its internal audit function to provide much of the assurance required regarding the effectiveness as well as the adequacy and integrity of the Group's system of internal controls. Internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group. The internal audit plan was presented to and approved by Audit Committee. Periodic internal audit review is carried out and the audit findings are presented to the Audit Committee via internal audit report whilst Management formulates action plans to address issues noted from internal audit to improve the system of internal controls.

Based on the internal auditors' report for the financial year ended 31 May 2017, there is a reasonable assurance that the Group's system of internal controls is generally adequate. Nevertheless, the internal control systems will continue to be reviewed, added on or updated in line with changes in the operating environment.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 May 2017 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 risk management and internal control system.

Conclusion

The Board is of the opinion that the system of internal control and risk management is in place for the year under review, and up to the date of this Statement is sound and sufficient to safeguard shareholders' investment and the Group's assets.

This statement was made in accordance with a Board of Directors' resolution dated 5 September 2017.

1. MEMBERSHIP AND MEETINGS

Details of the membership of the Audit Committee and attendance of meetings during the financial year are as follows:-

	Composition of the Audit Committee	Attendance
Chairman	Sim Yee Fuan (Independent Non-Executive Director)	5/5
Members	Lim Chun Thang (Independent Non-Executive Director)	5/5
	Guan Kim Heng (resigned on 30 June 2017) (Non-Independent Non-Executive Director)	5/5
	Ch'ng Lay Hoon (appointed on 30 June 2017) (Independent Non-Executive Director)	NA

2. TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee is available on the Company's website at http://www.eurospan.com.my

The Board of Directors is satisfied that the Audit Committee and its members have discharged their responsibilities during the financial year in accordance with the terms of reference of the Audit Committee.

3. SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee had carried out the following activities to meet their responsibilities as set out in the terms of reference of the Audit Committee:

(a) Financial reporting

The Audit Committee reviewed the unaudited quarterly financial results of the Group during its meetings held on 25 July 2016, 28 October 2016, 9 January 2017 and 26 April 2017. On 19 September 2016, the Audit Committee reviewed the audited financial statements of the Group and of Company for the financial year ended 31 May 2016. The Audit Committee's recommendations in respect of the quarterly results and audited financial statements were presented to the Board at the respective Board of Directors' meetings for the Board's approval before subsequent release to Bursa Malaysia Securities Berhad and the Securities Commission.

(b) External Audit

On 25 July 2016, the Audit Committee reviewed the status of the audit for the financial year ended 31 May 2016 with the external auditors. The external auditors briefed the Audit Committee on issues discussed with management and informed the Audit Committee that they had substantially completed their audit and had not identified any potential uncorrected misstatements during the audit.

On 19 September 2016, the Audit Committee met the external auditors and was briefed on the audited financial statements and the results of the audit for the financial year ended 31 May 2016. The Audit Committee was informed that there were no significant changes to the scope or audit approach as compared to the audit plan. The Audit Committee reviewed the accounting matters and points on internal control raised by the external auditors and discussed with management and were informed that there were no major issues or material misstatements that would affect the audited financial results. The external auditors also reported that based on the audit work performed the auditors have not identified any non-compliance of laws and regulations and fraud related matters and they did not have any other major matters to highlight to the Audit Committee.

The external auditors confirmed that there were no matter that may impair their professional independence and they complied with the requirements of the Malaysian Institute of Accountants by-laws on Professional Conduct and Ethics on professional independence in relation to the audit engagement.

3. SUMMARY OF THE WORK OF THE AUDIT COMMITTEE (Cont'd)

(b) External Audit (Cont'd)

The Audit Committee reviewed the extent of assistance rendered by management in the course of the audit and based on feedback from the external auditors, it was satisfied that management had co-operated fully and the external auditors were able to obtain information requested to carry out their work. Based on the review carried out and the report from the external auditors, the Audit Committee recommended the audited financial statements for the financial year ended 31 May 2016 to the Board of Directors for approval.

The Audit Committee reviewed the audit fees and the performance of the external auditors and was satisfied with the conduct of their professional work and the timeliness of completion of their work to meet the reporting deadline. Accordingly, the Audit Committee recommended the re-appointment of the external auditors at the Annual General Meeting.

On 26 April 2017 the Audit Committee reviewed and approved the external auditors' audit plan for the Group and for the Company for the year ending 31 May 2017. The audit plan covered the major areas of audit emphasis and the audit approach for each area identified. The Audit Committee was briefed on new developments on financial reporting standards issued by the Malaysian Accounting Standards Board and noted that the initial application of the standards is not expected to have any financial impact on the Group. The Audit Committee also agreed to the proposed reporting schedule for the audit for the financial year ending 31 May 2017 to meet the reporting deadlines.

(c) Internal audit and risk management

During the financial year under review the internal auditors had conducted the audit activities in accordance with the audit plan approved by the Audit Committee. The internal auditors tailored their audit based on the Group's risk profile. This ensured that the relevant controls are in place to properly manage the risks. The internal auditors presented their internal audit reports at the Audit Committee meetings held on 28 October 2016 and 26 April 2017. Relevant management members including Executive Directors were invited to attend the Audit Committee meetings to provide insight and clarification on specific matters raised in the internal audit reports. The internal auditors also provided status updates to Audit Committee in respect of implementation of management action plans or agreed course of action on the findings reported in previous audit cycles to ensure that issues have been resolved satisfactorily.

(d) Other matters

On 19 September 2016 the Audit Committee reviewed the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 May 2016 and recommended it to the Board of Directors for approval. It also reviewed and approved the Audit Committee Report and the appropriateness of the disclosure statements on the compliance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 for the financial year ended 31 May 2016 for inclusion in the Company's Annual Report 2016.

4. INTERNAL AUDIT FUNCTION

The Company has outsourced its Internal Audit Function to a professional firm of consultants to assist the Audit Committee in evaluating the adequacy, integrity and effectiveness of the Group's overall internal control system. Their scope of function covers all units and operations of the significant subsidiaries of the Group.

The cost incurred in maintaining the Internal Audit Function for the financial year ended 31 May 2017 was RM10,270.

5. SUMMARY OF THE WORK OF THE INTERNAL AUDIT

The internal auditors assisted the Audit Committee in discharging its duties and responsibilities by executing independent reviews of the adequacy and effectiveness of the Group's internal control systems. The internal auditors prepared the audit plan for the year that focused on high risk areas. During the financial year, the internal auditors conducted internal audit reviews on areas in accordance with the audit plan approved by the Audit Committee.

The internal audit reports on the reviews carried out, identifying weaknesses with suggested recommendations for improvements to management for further action, were presented to the Audit Committee at the Audit Committee meetings held on 28 October 2016 and 26 April 2017. The internal audit reviewed the risks and controls related to inventory management and risk management of the Group during the financial year.

The internal auditors also provided status updates to the Audit Committee in respect of implementation of corrective action plans or best practices that were reported and agreed with the management in previous audit cycles during those meetings. The internal audits carried out during the financial year did not reveal material weaknesses which may result in material losses or contingencies that may affect the Group.

6. STATEMENT ON SHARE ISSUANCE SCHEME

There was no Share Issuance Scheme in place during the financial year ended 31 May 2017.

CORPORATE SOCIAL RESPONSIBILITY

Eurospan is mindful of its responsibility to the communities in which it operates and is committed to progressively incorporate Corporate Social Responsibility ("CSR") best practice into the Group's operation. The Group believes that integrating its social and environmental responsibilities into its business strategies and practices assist in ensuring sustainable growth for the Group. Our CSR programs cover the areas of the environment, workplace, marketplace and community.

Environment

As a major wood-based furniture manufacture, the Group believes in the sustainable use of environmentally friendly materials. Majority of our wood materials are FSC Controlled Wood and are PEFC certified. PEFC certificate is a transparent and independent control system for safeguarding a sustainable and thus exemplary forest cultivation. PEFC is also a monitoring system for proof of origin: from certified forests via the wood processing companies to the finished product on the shelf.

The Group is also in compliance with the environmental laws governing plant operations in areas relating to emission standards and plant effluents management.

Reducing, reusing and recycling papers, switching off lights and air-conditioners when they are not in use are among some of the conservation measures taken by the Group.

Workplace

The Occupational Health and Safety Committee which comprises of management representatives work closely with management and employees to ensure that the Group's health and safety policy is effectively implemented. Employees are equipped with the necessary equipment and accessories at the various work sites and factory to promote safety.

The Group encourages life long learning. It has a mini library that lends out books to employees. Employees were constantly provided with related skills development trainings as the Group believes in the importance of human resources development through career advancement and training. Industrial seminars and workshops were regularly held to enhance employees' capabilities in discharging their responsibilities effectively and efficiently.

The Group also conducted visits to international trade fairs/exhibitions and manufacturing plants locally and overseas, to broaden the knowledge base of its employees.

Marketplace

The Group upholds good practices of corporate governance and internal control with transparency practices and approaches implemented for its business operations and transactions. Internal control procedures were properly imposed within the Group in ensuring sufficient system and controls were in place.

Community

The Group continues its social roles to support the community by contributing to several needy and charitable organisations through donations. Employees are supported and encouraged to actively participate in social works and community services.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements of the Group and of the Company for each financial year in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

In the preparing the financial statements for the financial year ended 31 May 2017, the Directors have applied appropriate and relevant accounting policies in a consistent manner and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been complied with and confirm that the financial statement have been prepared on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and for maintaining internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

This statement was made in accordance with a Board of Directors' resolution dated 5 September 2017.

OTHER INFORMATION

Utilisation of proceeds from corporate proposal

Not applicable as none was proposed.

Audit fees and Non-Audit fees

The audit fees and non-audit fees payable to the external auditors during the financial year ended 31 May 2017 are as follows:

	Group RM	Company RM
Audit fees	58,000	14,000
Non-audit fees	4,000	4,000
Total	62,000	18,000

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 May 2017.**

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are the manufacturing and trading of furniture and wood-based products, and investment holding.

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

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) after taxation for the financial year	**956,862**	**(290,928)**

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture.

DIRECTORS

The directors who served since the date of the last report are as follows:

Directors of the Company:

Guan Kok Beng
Guan Shaw Kee
Guan Shaw Yin
Sim Yee Fuan
Lim Chun Thang
Ch’ng Lay Hoon (appointed on 30.6.17)
Guan Kim Heng (resigned on 30.6.17)

Director of a subsidiary:

Lee Beng Tek

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings under section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	← Number of ordinary shares			→
	Balance at 1.6.16	**Bought**	**Sold**	**Balance at 31.5.17**
The Company				
Direct Interest:				
Guan Kok Beng	2,499,200	120,800	-	2,620,000
Guan Shaw Yin	734,000	-	-	734,000
Guan Kim Heng	613,036	-	-	613,036
Deemed Interest:				
Guan Kok Beng	18,511,200	-	-	18,511,200

By virtue of his interest of more than 15% in the shares of the Company, Mr. Guan Kok Beng is also deemed interested in the shares of all its subsidiaries during the financial year to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' FEES AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	GROUP RM	**COMPANY RM**
Fees	**311,000**	**206,000**
Remuneration	**1,806,708**	**11,500**
Gratuity benefit	**111,709**	**-**
Contribution to defined contribution plan	**405,080**	**19,190**
SOCSO	**3,621**	**-**
Benefit-in-kind	**187,175**	**-**
Indemnity given or insurance effected for any director	**477**	**477**
	2,825,770	**237,167**

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than as disclosed in Note 17 to the financial statements) by reason of a contract made by the Company or a related corporation with a 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, other than those related party transactions disclosed in the notes to the financial statements.

OTHER STATUTORY INFORMATION

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

(i) 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts, and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

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

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

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

(ii) the results of operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, and

(iii) there has not 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 likely to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

There was no indemnity given to or insurance effected for the officers of the Company.

AUDITORS AND AUDITORS' REMUNERATION

The total amount of fees receivable by the auditors, Messrs Grant Thornton, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 May 2017 are RM62,000 and RM18,000 respectively.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

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

....	....
Guan Kok Beng	**Guan Shaw Yin**

Penang,

Date: 5 September 2017

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 36 to 78 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 May 2017** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 79 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....	....
Guan Kok Beng	**Guan Shaw Yin**

Date: 5 September 2017

STATUTORY DECLARATION

I, **Lee Siew Yen**, the officer primarily responsible for the financial management of **Eurospan Holdings Berhad** do solemnly and sincerely declare that the financial statements set out on pages 36 to 78 and the supplementary information set out on page 79 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **5th**)
day of **September 2017**.)

....
Lee Siew Yen
(I/C No. 800406-07-5156)

Before me,

....
Goh Suan Bee
No. P125
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

of Eurospan Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Eurospan Holdings Berhad**, which comprise the statements of financial position as at **31 May 2017** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 78.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 May 2017**, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Appropriateness and measurement of carrying amount and existence of property, plant and equipment (Refer to Notes 2.6 and 4 to the financial statements)	

The Group carries significant property, plant and equipment which comprise mainly of land, buildings, plant and machinery.
 	
There are a number of areas that could impact the carrying amount of property, plant and equipment, these include:
• the decision to capitalise the assets;
• the selection of appropriate useful lives of the assets; and
• the indication of impairment where assets are not recoverable at their carrying amount.
 	
As property, plant and equipment represents a material amount to the Group, there is a risk that expenditure on property, plant and equipment is inappropriately recognised against *MFRS 116 Property, Plant and Equipment* and that assets are not recoverable at their carrying amount.
	Our audit procedures included, among others:
	• Obtaining an understanding of:
	  • the Group's capitalisation process;
	  • the Group's assessment on the useful lives attributed to the assets;
	  • how the Group identifies impairment indicators; and
	  • how the Group makes the accounting estimates for impairment;
	• Reviewing the estimated useful lives, residual values and depreciation method;
	• Performing physical sighting on a sample basis;
	• Reviewing the safeguard controls over the physical custody of property, plant and equipment;
	• Assessing indication of impairment and adequacy of impairment losses of property, plant and equipment;
	• Performing depreciation reasonableness test; and
	• Examine ownership, including title deeds sighting of properties with significant values.

Key Audit Matters (Cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter

Allowance for inventories (Refer to Notes 2.6 and 7 to the financial statements)
 	
The Group has significant inventories as at 31 May 2017 comprising raw materials, work-in-progress and finished goods.
 	
The management reviews for slow moving and obsolete inventories and this review requires judgements and estimation uncertainty.
	Our audit procedures included, among others:
	• Obtaining an understanding of:
	  • how the Group identifies and assesses inventory write-downs; and
	  • how the Group makes the accounting estimates for inventory write-downs.
	• Examining the inventory movements to identify slow moving and obsolete items;
	• Reviewing the net realisable value of certain inventories;
	• Evaluating the reasonableness and adequacy of the allowance for inventories recognised; and
	• Assessing the consistency in methodology applied by the management in determining the allowance for inventories recognised.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As at the date of our report, except for the Directors' Report, the remaining other information has not been made available to us for our reading and accordingly we are unable to report in this regard.

However, if after reading the other information when available and we conclude there is a material misstatement therein, we will communicate same to the directors of the Company.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of the Group and of the Company.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out on page 79 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 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Grant Thornton
No. AF: 0042
Chartered Accountants

John Lau Tiang Hua
No. 1107/03/18 (J)
Chartered Accountant

Date: 5 September 2017

Penang

STATEMENTS OF FINANCIAL POSITION

as at 31 May 2017

		GROUP		COMPANY	
	NOTE	2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	**22,278,677**	23,541,695	**-**	-
Investment in subsidiaries	**5**	**-**	-	**29,729,676**	29,729,676
Other investments	**6**	**7,943,727**	5,654,714	**1,615,476**	1,522,381
		30,222,404	29,196,409	**31,345,152**	31,252,057
Current assets					
Inventories	**7**	**11,443,026**	13,347,855	**-**	-
Trade and other receivables	**8**	**7,973,862**	5,670,091	**16,591,360**	16,928,857
Tax recoverable		**364,837**	261,437	**-**	-
Cash and cash equivalents	**9**	**10,615,632**	10,420,585	**67,717**	60,221
		30,397,357	29,699,968	**16,659,077**	16,989,078
TOTAL ASSETS		**60,619,761**	58,896,377	**48,004,229**	48,241,135
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	**10**	**52,796,145**	44,421,700	**52,796,145**	44,421,700
Reserves	**11**	**(4,435,614)**	2,777,913	**(5,038,106)**	3,573,245
Total equity		**48,360,531**	47,199,613	**47,758,039**	47,994,945
Non-current liabilities					
Provision for gratuity benefit	**12**	**1,354,761**	1,243,052	**-**	-
Deferred tax liabilities	**13**	**483,272**	423,036	**-**	-
		1,838,033	1,666,088	**-**	-
Current liabilities					
Trade and other payables	**14**	**7,937,574**	7,105,122	**246,190**	246,190
Borrowings	**15**	**2,483,623**	2,925,554	**-**	-
		10,421,197	10,030,676	**246,190**	246,190
Total liabilities		**12,259,230**	11,696,764	**246,190**	246,190
TOTAL EQUITY AND LIABILITIES		**60,619,761**	58,896,377	**48,004,229**	48,241,135

The notes set out on pages 41 to 78 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 May 2017

	NOTE	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Revenue	**16**	**53,989,819**	53,428,752	**-**	-
Cost of sales		**(44,130,023)**	(43,965,710)	**-**	-
Gross profit		**9,859,796**	9,463,042	**-**	-
Other income		**1,311,988**	1,218,989	**63,809**	26,090
Administrative expenses		**(7,125,867)**	(6,893,950)	**(354,594)**	(361,174)
Selling and distribution expenses		**(2,300,969)**	(2,080,543)	**-**	-
Other operating expenses		**(643,222)**	(1,302,510)	**(143)**	(94)
Profit/(Loss) from operations		**1,101,726**	405,028	**(290,928)**	(335,178)
Finance costs		**(58,292)**	(63,631)	**-**	-
Profit/(Loss) before taxation	**17**	**1,043,434**	341,397	**(290,928)**	(335,178)
Taxation	**18**	**(86,572)**	(129,651)	**-**	-
Profit/(Loss) after taxation for the financial year		**956,862**	211,746	**(290,928)**	(335,178)
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss					
Fair value adjustment on available-for-sales financial assets		**204,056**	(168,123)	**54,022**	(12,117)
Total comprehensive income/(loss) for the financial year		**1,160,918**	43,623	**(236,906)**	(347,295)
Basic earnings per share attributable to owners of the parent (sen)	**19**	**2.15**	0.48		

The notes set out on pages 41 to 78 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 May 2017

	Attributable to Owners of the Parent				
	Non-distributable				
	Share Capital RM	**Share Premium RM**	**Fair Value Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
2017					
Balance at beginning	**44,421,700**	**8,374,445**	**65,970**	**(5,662,502)**	**47,199,613**
Total comprehensive income for the financial year	**-**	**-**	**204,056**	**956,862**	**1,160,918**
Transition to no-par value regime on 31 January 2017	**8,374,445**	**(8,374,445)**	**-**	**-**	**-**
Balance at end	**52,796,145**	**-**	**270,026**	**(4,705,640)**	**48,360,531**
2016					
Balance at beginning	44,421,700	8,374,445	234,093	(5,874,248)	47,155,990
Total comprehensive income for the financial year	-	-	(168,123)	211,746	43,623
Balance at end	44,421,700	8,374,445	65,970	(5,662,502)	47,199,613

The notes set out on pages 41 to 78 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 May 2017

	← Non-distributable		→		
	Share Capital RM	Share Premium RM	Fair Value Reserve RM	Accumulated Losses RM	Total Equity RM
2017					
Balance at beginning	**44,421,700**	**8,374,445**	**22,381**	**(4,823,581)**	**47,994,945**
Total comprehensive income for the financial year	**-**	**-**	**54,022**	**(290,928)**	**(236,906)**
Transition to no-par value regime on 31 January 2017	**8,374,445**	**(8,374,445)**	**-**	**-**	**-**
Balance at end	**52,796,145**	**-**	**76,403**	**(5,114,509)**	**47,758,039**
2016					
Balance at beginning	44,421,700	8,374,445	34,498	(4,488,403)	48,342,240
Total comprehensive income for the financial year	-	-	(12,117)	(335,178)	(347,295)
Balance at end	44,421,700	8,374,445	22,381	(4,823,581)	47,994,945

The notes set out on pages 41 to 78 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 May 2017

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	**1,043,434**	341,397	**(290,928)**	(335,178)
Adjustments for:				
Depreciation	**1,845,309**	1,640,642	**-**	-
Fair value (gain)/loss on derivative financial instruments	**(382,464)**	236,418	**-**	-
Gain on foreign exchange - unrealised	**(223,372)**	(319,650)	**-**	-
Gain on disposal of property, plant and equipment	**(322)**	(16,000)	**-**	-
Interest expense	**58,292**	63,631	**-**	-
Interest income	**(484,949)**	(739,008)	**(63,809)**	(26,090)
Loss on disposal of investments	**-**	77,608	**-**	-
Property, plant and equipment written off	**23,407**	-	**-**	-
Provision for gratuity benefit	**111,709**	103,936	**-**	-
Operating profit/(loss) before working capital changes	**1,991,044**	1,388,974	**(354,737)**	(361,268)
Decrease/(Increase) in inventories	**1,904,829**	(1,219,736)	**-**	-
Increase in receivables	**(2,107,941)**	(1,450,042)	**-**	-
Increase/(Decrease) in payables	**828,522**	(835,340)	**-**	(10,590)
Cash generated from/(used in) operations	**2,616,454**	(2,116,144)	**(354,737)**	(371,858)
Income tax paid	**(221,384)**	(276,984)	**-**	-
Income tax refunded	**91,648**	173,504	**-**	-
Interest paid	**(58,292)**	(63,631)	**-**	-
Interest received	**484,949**	739,008	**63,809**	26,090
Net cash from/(used in) operating activities	**2,913,375**	(1,544,247)	**(290,928)**	(345,768)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net change in subsidiaries' balances	**-**	-	**337,497**	196,501
Proceeds from disposal of investments	**-**	2,926,921	**-**	-
Proceeds from disposal of property, plant and equipment	**323**	16,000	**-**	-
Purchase of investments	**(2,084,957)**	-	**(39,073)**	-
Purchase of property, plant and equipment	**(605,699)**	(2,461,661)	**-**	-
Net cash (used in)/from investing activities	**(2,690,333)**	481,260	**298,424**	196,501
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of trust receipts	**(351,524)**	(762,234)	**-**	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(128,482)**	(1,825,221)	**7,496**	(149,267)
Effects of changes in exchange rates	**323,529**	422,704	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING	**10,420,585**	11,823,102	**60,221**	209,488
CASH AND CASH EQUIVALENTS AT END	**10,615,632**	10,420,585	**67,717**	60,221

The notes set out on pages 41 to 78 form an integral part of these financial statements.

1. CORPORATE INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang.

The principal place of business of the Company is located at 1168, Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan, 13800 Butterworth, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 September 2017.

Principal Activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are the manufacturing and trading of furniture and wood-based products, and investment holding.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period as indicated in the summary of significant accounting policies set out in Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Group’s and the Company’s functional currency.

2.4 Adoption of Amendments/Improvements to MFRS and IC Interpretations (“IC Int”)

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2016
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
Amendments to MFRS 127 Equity Method in Separate Financial Statements
Annual Improvements to MFRS 2012-2014 Cycle

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company.

2.5 Standards Issued But Not yet Effective

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2017
Amendments to MFRS 12 Disclosure of Interest in Other Entities (under Annual Improvements to MFRS 2014-2016 Cycle)
Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives
Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 140 Investment Property: Transfer of Investment Property
Annual Improvements to MFRS 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)
IC Int 22 Foreign Currency Transactions and Advance Consideration

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not yet Effective (Cont'd)

Effective for annual periods beginning on or after 1 January 2019
MFRS 16 Leases

Effective date yet to be confirmed
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 replaces *MFRS 139 Financial Instruments: Recognition and Measurement* and all previous version of *MFRS 9.* This new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of *MFRS 9,* new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of *MFRS 9,* financial assets will be measured at either fair value or amortised cost. It is also expected that the Group's investment in unquoted shares, if any, will be measured at fair value through other comprehensive income.

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

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in *MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Int 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers* and *IC Int 131 Revenue – Barter Transactions Involving Advertising Services.* Upon adoption of *MFRS 15,* it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of *MFRS 15* will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting *MFRS 15.*

MFRS 16 Lease

The scope of *MFRS 16* includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under *MFRS 117.* The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (e.g., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (e.g., the lease liability) and an asset representing the right to use the underlying asset during the lease term (e.g., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under *MFRS 117.* Lessors will continue to classify all leases using the same classification principle in *MFRS 117* and distinguish between two types of leases: operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Company are currently assessing the financial impact of adopting *MFRS 16.*

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not yet Effective (Cont'd)

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.6.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

Plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates that the useful lives of the plant and equipment to be between 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore, future depreciation charges could be revised.

(ii) Impairment of property, plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

(iii) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimate is made. Possible changes in these estimates could result in revisions to the valuations of inventories.

(iv) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable 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.

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

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

2.6.2 Key sources of estimation uncertainty (Cont'd)

(v) Defined gratuity benefit plan

The cost of gratuity benefit plan and the present value of the gratuity obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a gratuity benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.

The mortality rate is based on publicly available mortality tables in Malaysia. Future salary increases and pension increases are based on expected future inflation rates and real levels of increases in general earnings.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee’s return.

Investment in subsidiaries is measured in the Company’s statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (Cont'd)

(ii) Business combination (Cont'd)

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and for its intended use.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment (Cont'd)

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold land	Amortise over its lease period of 85 years
Buildings	2%
Plant, machinery and factory equipment	10% - 20%
Furniture, fittings, renovation and office equipment	10%
Motor vehicles	10%

Freehold land is not amortised as it has an infinite life.

Depreciation on capital work in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Finance lease

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset other than inventories may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units (“CGU”) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

3.5 Financial Instruments

3.5.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3.5.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(i) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (Cont'd)

3.5.2 Financial instrument categories and subsequent measurement (Cont'd)

(ii) Fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (expect for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (Cont'd)

3.5.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

3.5.4 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3.5.5 Derivative financial instruments

The Group enters into derivative financial instruments such as foreign currency forward contracts to manage its exposure to foreign currency risks.

Derivatives are initially recognised at fair value at the date the derivative contract is entered and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group has not designated any derivatives as hedging instruments.

3.5.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5.7 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (Cont'd)

3.5.7 Derecognition (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.6 Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of raw materials is measured based on first in, first out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.11 Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and when the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Sale of goods

Revenue from sales of goods is recognised upon the transfer of significant risks and rewards of ownership to the buyer, based on invoiced value, net of discounts and returns.

Interest income

Interest income is recognised on a time proportion basis using the applicable effective interest rate.

Rental income

Rental income is recognised on a straight line basis over lease terms.

3.12 Research and Development Expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense 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 occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the profit or loss as incurred.

Defined gratuity benefit plan

The Group operates an unfunded gratuity benefit plan for its managing director. The Group's obligation in respect of the gratuity benefit plan is calculated based on 7.5% of his last drawn salary multiplied by the number of months of service up to the retirement year and that benefit calculated is discounted to its present value based on the market yield at the end of the reporting period on high quality corporate bonds.

3.14 Income Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

3.17 Share Capital, Share Issuance Expenses and Dividends

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Prior to Companies Act 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective from 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of unappropriated profits and recognised as a liability in the period in which they are declared.

3.18 Earnings per Ordinary Shares

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

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, adjusted for own shares held.

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

3.19 Related Parties

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

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

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

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

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue 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, who in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.21 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. PROPERTY, PLANT AND EQUIPMENT

	Land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings, renovation and office equipment RM	Motor vehicles RM	Capital work in progress RM	Total RM
2017							
Group							
At cost							
Balance at beginning	5,050,785	13,825,206	42,336,154	3,566,503	2,000,983	1,907,404	68,687,035
Additions	-	39,509	272,029	29,432	-	264,729	605,699
Disposals	-	-	(9,980)	-	-	-	(9,980)
Written off	-	-	(114,246)	(84,551)	-	-	(198,797)
Reclassification	-	-	1,667,034	-	-	(1,667,034)	-
Balance at end	5,050,785	13,864,715	44,150,991	3,511,384	2,000,983	505,099	69,083,957
Accumulated depreciation							
Balance at beginning	94,373	4,867,504	33,848,353	2,065,233	1,146,969	-	42,022,432
Current charge	4,515	276,570	1,167,975	202,852	193,397	-	1,845,309
Disposals	-	-	(9,979)	-	-	-	(9,979)
Written off	-	-	(100,126)	(74,030)	-	-	(174,156)
Balance at end	98,888	5,144,074	34,906,223	2,194,055	1,340,366	-	43,683,606
Accumulated impairment losses							
Balance at beginning	-	-	3,032,063	90,845	-	-	3,122,908
Written off	-	-	-	(1,234)	-	-	(1,234)
Balance at end	-	-	3,032,063	89,611	-	-	3,121,674
Carrying amount	4,951,897	8,720,641	6,212,705	1,227,718	660,617	505,099	22,278,677

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings, renovation and office equipment RM	Motor vehicles RM	Capital work in progress RM	Total RM
2016							
At cost							
Balance at beginning	5,050,785	13,825,206	41,626,849	3,547,029	2,000,983	358,890	66,409,742
Additions	-	-	861,976	21,540	-	1,578,145	2,461,661
Disposals	-	-	(182,302)	-	-	-	(182,302)
Written off	-	-	-	(2,066)	-	-	(2,066)
Reclassification	-	-	29,631	-	-	(29,631)	-
Balance at end	5,050,785	13,825,206	42,336,154	3,566,503	2,000,983	1,907,404	68,687,035
Accumulated depreciation							
Balance at beginning	89,858	4,591,000	33,081,530	1,840,309	946,869	-	40,549,566
Current charge	4,515	276,504	945,688	213,835	200,100	-	1,640,642
Disposals	-	-	(182,302)	-	-	-	(182,302)
Written off	-	-	-	(2,066)	-	-	(2,066)
Reclassification from impairment losses	-	-	3,437	13,155	-	-	16,592
Balance at end	94,373	4,867,504	33,848,353	2,065,233	1,146,969	-	42,022,432
Accumulated impairment losses							
Balance at beginning	-	-	3,035,500	104,000	-	-	3,139,500
Reclassification to accumulated depreciation	-	-	(3,437)	(13,155)	-	-	(16,592)
Balance at end	-	-	3,032,063	90,845	-	-	3,122,908
Carrying amount	4,956,412	8,957,702	5,455,738	1,410,425	854,014	1,907,404	23,541,695

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The breakdown of the carrying amount of land is as follows:

	GROUP	
	2017 RM	**2016 RM**
Freehold land	**4,667,050**	4,667,050
Leasehold land	**284,847**	289,362
	4,951,897	4,956,412

5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017 RM	**2016 RM**
Unquoted shares, at cost	**32,763,936**	32,763,936
Add: Share-based payment allocated to subsidiaries	**425,880**	425,880
	33,189,816	33,189,816
Less: Impairment loss	**(3,460,140)**	(3,460,140)
	29,729,676	29,729,676

Details of the subsidiaries which were all incorporated in Malaysia are as follows:

Name of Company	Effective Equity Interest 2017 %	Effective Equity Interest 2016 %	Principal Activities
Eurospan Furniture Sdn. Bhd.	**100**	100	Manufacturing and trading of furniture and wood-based products.
Dynaspan Furniture Sdn. Bhd.	**100**	100	Manufacturing of furniture and wood-based products.
Euroswood Furniture Sdn. Bhd.	**100**	100	Investment holding.
Dynaword Sdn. Bhd.	**100**	100	Investment holding.

6. OTHER INVESTMENTS

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Available-for-sale financial assets:				
Unit trust funds quoted in Malaysia @ market value	**7,943,727**	5,654,714	**1,615,476**	1,522,381

7. INVENTORIES

	GROUP	
	2017 RM	**2016 RM**
Raw materials	**6,579,601**	8,777,655
Work-in-progress	**3,357,414**	3,309,460
Finished goods	**1,506,011**	1,260,740
	11,443,026	13,347,855

The inventories recognised in profit or loss as cost of sales amounted to **RM44,130,023** (2016: RM43,965,710).

8. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Trade receivables (Note 8.1)	**5,115,235**	3,889,588	**-**	-
Other receivables, deposits and prepayments (Note 8.2)	**2,467,665**	1,780,503	**-**	-
Amount due from subsidiaries (Note 8.3)	**-**	-	**16,591,360**	16,928,857
Derivative at fair value through profit or loss - foreign currency forward contract (Note 8.4)	**390,962**	-	**-**	-
	7,973,862	5,670,091	**16,591,360**	16,928,857

8. TRADE AND OTHER RECEIVABLES (CONT'D)

8.1 Trade receivables

GROUP

The currency profile of trade receivables is as follows:

	2017 RM	**2016 RM**
Ringgit Malaysia	**35,765**	67,318
US Dollar	**5,079,470**	3,717,304
Euro	**-**	104,966
	5,115,235	3,889,588

The normal credit terms granted to trade receivables range from **30 to 60 days** (2016: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

8.2 Other receivables, deposits and prepayments

GROUP

	2017 RM	**2016 RM**
Other receivables	**210,594**	204,343
Refundable deposits	**172,773**	141,543
Transferable golf club membership	**59,773**	59,773
Prepayments	**1,443,237**	829,298
GST receivables	**581,288**	545,546
	2,467,665	1,780,503

Included in prepayment is an amount of **RM1,066,213** (2016: RM511,563) paid to suppliers as down payment for purchase of raw materials.

8.3 Amount due from subsidiaries

COMPANY

The amount due from subsidiaries relates to advances which are unsecured, non-interest bearing and are repayable on demand.

8.4 Derivative at fair value through profit or loss

GROUP

The notional value of the foreign currency forward contracts as at the end of the reporting period is **RM20,216,944** (2016: RM Nil) and is denominated in USD.

9. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Short-term funds (Note 9.1)	**2,381,392**	5,344,641	**-**	-
Cash and bank balances	**8,234,240**	5,075,944	**67,717**	60,221
	10,615,632	10,420,585	**67,717**	60,221

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Ringgit Malaysia	**9,467,719**	8,133,727	**67,717**	60,221
US Dollar	**1,054,142**	1,526,918	**-**	-
Euro	**89,158**	755,944	**-**	-
Others	**4,613**	3,996	**-**	-
	10,615,632	10,420,585	**67,717**	60,221

9.1 Short-term funds

Short-term funds represent investment in fixed income trusts and money market with effective interest rates range from **3.08%** to **3.49%** (2016: 3.15% to 3.83%) per annum and can be redeemed within a period of less than **30 days** (2016: less than 30 days).

10. SHARE CAPITAL

	Number of ordinary share		Amount	
	2017	**2016**	**2017 RM**	**2016 RM**
Issued and fully paid:				
Balance at beginning	**44,421,700**	44,421,700	**44,421,700**	44,421,700
* Transition to no-par value regime on 31 January 2017	**-**	-	**8,374,445**	-
Balance at end	**44,421,700**	44,421,700	**52,796,145**	44,421,700

* The new Companies Act 2016 ("the Act"), which come into operation on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618(3) for bonus issue pursuant to Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

11. RESERVES

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Non-distributable:				
Share premium (Note 11.1)				
Balance at beginning	**8,374,445**	8,374,445	**8,374,445**	8,374,445
Transition to no-par value regime on 31 January 2017	**(8,374,445)**	-	**(8,374,445)**	-
Balance at end	**-**	8,374,445	**-**	8,374,445
Fair value reserve (Note 11.2)	**270,026**	65,970	**76,403**	22,381
	270,026	8,440,415	**76,403**	8,396,826
Accumulated losses	**(4,705,640)**	(5,662,502)	**(5,114,509)**	(4,823,581)
	(4,435,614)	2,777,913	**(5,038,106)**	3,573,245

11.1 Share premium

The share premium arose from the public issue of the Company's shares and the issue of shares pursuant to the Company's ESOS and is presented net of share issue expenses.

11.2 Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

12. PROVISION FOR GRATUITY BENEFIT

The present value of the provision for gratuity benefit is represented as follows:

	GROUP	
	2017 RM	**2016 RM**
Balance at beginning	**1,243,052**	1,139,116
Recognised in profit or loss - Current service cost	**111,709**	103,936
Balance at end	**1,354,761**	1,243,052

The present value of the gratuity benefit obligation was carried out on 10 February 2015 by Actuarial Partners Consulting Sdn. Bhd., an independent professional actuary based on the projected unit credit actuarial cost method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

Discount rate (%)	5.25
Salary growth rate (%)	8.00
Projected retirement benefit	7.5% of last drawn salary multiplied by the number of months of service

Withdrawal rates is not applicable as only the managing director of the Group is entitled for the gratuity benefit.

12. PROVISION FOR GRATUITY BENEFIT (CONT'D)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on defined benefit obligation as of 31 May 2017, assuming all other assumptions were held constant:

(i) If the discount rate is 1.0% higher or 1.0% lower, the retirement benefits obligations would decrease by RM62,565 or increase by RM66,235 respectively, and

(ii) If the salary growth rate is 1.0% higher or 1.0% lower, the retirement benefits obligations would increase by RM90,286 or decrease by RM85,407 respectively.

13. DEFERRED TAX LIABILITIES

GROUP

	2017 RM	2016 RM
Balance at beginning	**423,036**	306,712
Transfer from profit or loss	**67,874**	113,459
	490,910	420,171
(Over)/Under provision in prior year	**(7,638)**	2,865
Balance at end	**483,272**	423,036

Deferred tax liabilities/(assets) are represented by temporary differences arising from:

	2017 RM	2016 RM
Property, plant and equipment	**1,009,095**	964,863
Unutilised tax losses	**(91,868)**	(89,059)
Provision for gratuity benefit	**(325,143)**	(298,333)
Other provisions	**(108,812)**	(154,435)
	483,272	423,036

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables (Note 14.1)	**2,923,477**	2,284,622	**-**	-
Other payables and accruals (Note 14.2)	**5,005,599**	4,584,082	**246,190**	246,190
Derivative at fair value through profit or loss - foreign currency forward contracts (Note 14.3)	**8,498**	236,418	**-**	-
	7,937,574	7,105,122	**246,190**	246,190

14. TRADE AND OTHER PAYABLES (CONT'D)

14.1 Trade payables

GROUP

The currency profile of trade payables is as follows:

	2017 RM	2016 RM
Ringgit Malaysia	**2,753,541**	2,093,942
US Dollar	**169,936**	190,680
	2,923,477	2,284,622

The normal credit terms of trade payables range from **15 to 90 days** (2016: 15 to 90 days).

14.2 Other payables and accruals

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	**3,253,072**	3,117,821	**-**	-
Accruals	**1,722,781**	1,448,013	**246,190**	246,190
GST payables	**29,746**	18,248	**-**	-
	5,005,599	4,584,082	**246,190**	246,190

GROUP

Included in other payables is an amount of **RM2,068,374** (2016: RM1,692,062) in relation to advance payments received from customers.

14.3 Derivative at fair value through profit or loss

GROUP

The notional value of the foreign currency forward contracts as at the end of the reporting period is **RM1,446,617** (2016: RM17,583,184) and is denominated in USD.

15. BORROWINGS

GROUP

	GROUP	
	2017 RM	2016 RM
Unsecured:		
Trust receipts	**2,483,623**	2,925,554

The trust receipts are denominated in US Dollar.

The borrowings are short term in nature of twelve months and less and are secured by way of corporate guarantees of the Company and certain subsidiaries.

The effective interest rates charged on the trust receipts as at the end of the reporting period range from **2.82% to 2.88%** (2016: 1.84% to 2.34%) per annum.

16. REVENUE

GROUP

Revenue represents the invoiced value of goods sold less discounts and returns.

17. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
After charging:				
Auditors' remuneration				
- statutory audit	**58,000**	58,000	**14,000**	14,000
- other services	**4,000**	4,000	**4,000**	4000
Depreciation	**1,845,309**	1,640,642	**-**	-
Directors' emoluments for non-executive directors of the Company	**10,500**	10,500	**10,500**	10,500
Directors' fee				
Executive directors of the Company	**190,000**	190,000	**100,000**	100,000
Executive director of a subsidiary	**15,000**	15,000	**-**	-
Non-executive directors of the Company	**106,000**	106,000	**106,000**	106,000
Fair value loss on derivative financial instruments	**-**	236,418	**-**	-
Net loss on foreign exchange - realised	**401,903**	640,890	**-**	-
Loss on disposal of investments	**-**	77,608	**-**	-
Property, plant and equipment written off	**23,407**	-	**-**	-
Rental expenses	**432,290**	432,306	**-**	-
Research and development expenses	**566,711**	559,445	**-**	-
Trust receipts interest	**58,292**	63,631	**-**	-
*Staff costs	**13,068,804**	12,571,239	**20,190**	20,190
And crediting:				
Fair value gain on derivative financial instruments	**382,464**	-	**-**	-
Gain on disposal of property, plant and equipment	**322**	16,000	**-**	-
Gain on realisation of short-term funds	**7,486**	13,551	**-**	-
Interest income	**484,949**	739,008	**63,809**	26,090
Net gain on foreign exchange				
- realised	**182,242**	-	**-**	-
- unrealised	**223,372**	319,650	**-**	-
Rental income	**22,655**	17,027	**-**	-

17. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
***Staff costs**				
- Salaries, allowance, and bonus	**12,111,730**	11,610,497	**1,000**	1,000
- Gratuity benefit	**111,709**	103,936	**-**	-
- EPF	**1,104,854**	1,100,121	**19,190**	19,190
- SOCSO	**100,010**	88,111	**-**	-
	13,428,303	12,902,665	**20,190**	20,190
Less: Staff cost included in research and development expenses	**(359,499)**	(331,426)	**-**	-
	13,068,804	12,571,239	**20,190**	20,190

Directors' emoluments

Included in the staff costs are Directors' emoluments as shown below:

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Directors of the Company:				
- Salaries, allowance, and bonus	**1,641,960**	1,751,000	**1,000**	1,000
- Gratuity benefit	**111,709**	103,936	**-**	-
- EPF	**374,870**	367,650	**19,190**	19,190
- SOCSO	**2,792**	1,639	**-**	-
	2,131,331	2,224,225	**20,190**	20,190
Director of a subsidiary:				
- Salaries, allowance, and bonus	**154,248**	162,156	**-**	-
- EPF	**30,210**	30,210	**-**	-
- SOCSO	**829**	620	**-**	-
	185,287	192,986	**-**	-
Total directors' emoluments	**2,316,618**	2,417,211	**20,190**	20,190

The estimated money value of benefits-in-kind received or receivable by the directors of the Company and the director of a subsidiary during the financial year are amounted to **RM181,875** (2016: RM144,361) and **RM5,300** (2016: RM5,300) respectively.

18. TAXATION

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Malaysia income tax				
Based on results for the financial year				
- Current tax	**(26,576)**	(13,327)	**-**	-
- Deferred tax relating to origination and reversal of temporary differences	**(67,874)**	(113,459)	**-**	-
	(94,450)	(126,786)	**-**	-
Over/(Under) provision in prior year				
- Current tax	**240**	-	**-**	-
- Deferred tax	**7,638**	(2,865)	**-**	-
	7,878	(2,865)	**-**	-
	(86,572)	(129,651)	**-**	-

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Profit/(Loss) before taxation	**1,043,434**	341,397	**(290,928)**	(335,178)
Income tax at Malaysian statutory tax rate of 24%	**(250,424)**	(81,935)	**69,823**	80,443
Income not subject to tax	**94,805**	161,645	**15,078**	5,690
Expenses allowable for double deduction	**181,839**	135,775	**-**	-
Expenses not deductible for tax purposes	**(80,147)**	(99,648)	**(22,766)**	(18,336)
Net deferred tax assets not recognised	**21,612**	(174,826)	**-**	-
Effect of tax losses not available for set-off	**(62,135)**	(67,797)	**(62,135)**	(67,797)
	(94,450)	(126,786)	**-**	-
Over/(Under) provision in prior year	**7,878**	(2,865)	**-**	-
	(86,572)	(129,651)	**-**	-

18. TAXATION (CONT'D)

As at the end of the reporting period, the Group has not recognised the following net deferred tax (assets)/liabilities:

	GROUP	
	2017 RM	**2016 RM**
Property, plant and equipment	**546,000**	473,000
Unabsorbed tax losses	**(287,000)**	(287,000)
Unabsorbed capital allowances	**(354,000)**	(274,000)
Other provisions	**(71,000)**	(100,000)
	(166,000)	(188,000)

The amount and future availability of unabsorbed tax losses and unabsorbed capital allowances which are available to be carried forward for set off against future taxable income are estimated at **RM1,195,000** (2016: RM1,195,000) and **RM1,476,000** (2016: RM1,140,000) respectively.

19. EARNINGS PER SHARE

GROUP

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2017	**2016**
Profit attributable to owners of the Company (RM)	**956,862**	211,746
Weighted average number of ordinary shares	**44,421,700**	44,421,700
Basic earnings per share (sen)	**2.15**	0.48

(b) Diluted

There is no dilutive potential ordinary shares outstanding as at the end of the reporting period as such no diluted earnings per share information is presented.

20. CONTINGENT LIABILITIES

	COMPANY	
	2017 RM	**2016 RM**
Unsecured		
Corporate guarantee given by the Company for banking facilities extended by financial institutions to certain subsidiaries		
- Limit	**19,900,000**	19,900,000
- Utilised as at the end of the reporting period	**2,938,622**	3,454,731

20. CONTINGENT LIABILITIES (CONT'D)

The corporate guarantee does not have a determinable effect on the terms of the credit facilities due to the banks requiring corporate guarantee as a pre-condition for approving the credit facilities granted to certain subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of “at market” terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. Further there was no consideration received by the Company for the issuance of the corporate guarantees and therefore, there is no value on the corporate guarantee to be recognised.

21. CAPITAL COMMITMENT

	GROUP	
	2017 RM	**2016 RM**
Approved but not contracted for:		
- Property, plant and equipment	**67,856**	82,451

22. RELATED PARTY DISCLOSURES

The remuneration of directors and other members of key management during the financial year is as follows:

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Salaries and other short-term employee benefits	**2,857,123**	2,567,372	**236,690**	236,690

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

23. SEGMENTAL INFORMATION

The Group is principally engaged in the manufacturing and trading of furniture and wood-based products which are principally carried out in Malaysia and these business activities are considered as one business segment by the Group.

Geographical Information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Malaysia	**501,212**	495,032	**22,278,677**	23,541,695
Asia	**19,286,190**	17,918,856	**-**	-
Europe	**11,825,750**	11,956,101	**-**	-
America	**11,568,013**	13,822,588	**-**	-
Others	**10,808,654**	9,236,175	**-**	-
	53,989,819	53,428,752	**22,278,677**	23,541,695

The amounts of non-current assets do not include investments.

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as available-for-sale financial assets ("AFS"), loans and receivables ("L&R"), financial liabilities measured at amortised cost ("FL") and fair value through profit or loss ("FVTPL").

	Carrying amount RM	AFS RM	L&R RM	FL RM	FVTPL RM
GROUP					
2017					
Financial assets					
Investments	**7,943,727**	**7,943,727**	**-**	**-**	**-**
Trade and other receivables	**5,949,337**	**-**	**5,558,375**	**-**	**390,962**
Cash and cash equivalents	**10,615,632**	**-**	**10,615,632**	**-**	**-**
	24,508,696	**7,943,727**	**16,174,007**	**-**	**390,962**
Financial liabilities					
Trade and other payables	**5,839,454**	**-**	**-**	**5,830,956**	**8,498**
Borrowings	**2,483,623**	**-**	**-**	**2,483,623**	**-**
	8,323,077	**-**	**-**	**8,314,579**	**8,498**
2016					
Financial assets					
Investments	5,654,714	5,654,714	-	-	-
Trade and other receivables	4,840,793	-	4,840,793	-	-
Cash and cash equivalents	10,420,585	-	10,420,585	-	-
	20,916,092	5,654,714	15,261,378	-	-
Financial liabilities					
Trade and other payables	5,413,060	-	-	5,176,642	236,418
Borrowings	2,925,554	-	-	2,925,554	-
	8,338,614	-	-	8,102,196	236,418

24. FINANCIAL INSTRUMENTS (CONT'D)

24.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AFS RM	L&R RM	FL RM	FVTPL RM
COMPANY					
2017					
Financial assets					
Investments	**1,615,476**	**1,615,476**	**-**	**-**	**-**
Amount due from subsidiaries	**16,591,360**	**-**	**16,591,360**	**-**	**-**
Cash and cash equivalents	**67,717**	**-**	**67,717**	**-**	**-**
	18,274,553	**1,615,476**	**16,659,077**	**-**	**-**
Financial liabilities					
Accruals	**246,190**	**-**	**-**	**246,190**	**-**
2016					
Financial assets					
Investments	1,522,381	1,522,381	-	-	-
Amount due from subsidiaries	16,928,857	-	16,928,857	-	-
Cash and cash equivalents	60,221	-	60,221	-	-
	18,511,459	1,522,381	16,989,078	-	-
Financial liabilities					
Accruals	246,190	-	-	246,190	-

24.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

24.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables and investments whilst the Company's exposure to credit risk arises principally from investments, advances to its subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Credit risk (Cont'd)

24.3.1 Trade receivables

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Letter of credits or advance payments are normally obtained, and credit evaluations are performed on customers requiring credit over a certain amount. The Group extends credit terms to its customers that range between 30 to 60 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 150 days, which are deemed to have higher credit risk, are monitored individually.

The ageing of trade receivables of the Group is as follows:

	2017 RM	**2016 RM**
Not past due	**2,635,197**	3,108,833
Past due 1 to 30 days	**2,472,838**	772,124
Past due 31 to 60 days	**-**	-
Past due 61 to 90 days	**-**	-
Past due more than 90 days	**7,200**	8,631
	2,480,038	780,755
	5,115,235	3,889,588

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

The Group has trade receivables amounting to **RM2,480,038** (2016: RM780,755) that are past due as at end of the reporting period but not impaired as the management is of the view that these debts will be recovered in due course.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balances from **3 customers** (2016: 4 customers) which represents **68%** (2016: 49%) of the total trade receivables.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Credit risk (Cont'd)

24.3.2 Investments and other financial assets

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

As at the end of the reporting period, the Group has only invested in domestic securities. 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.

24.3.3 Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

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

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries. Nevertheless, these advances are not regarded as overdue and are repayable on demand.

24.3.4 Financial guarantees

The Company provides unsecured corporate guarantee to financial institutions for banking facilities granted to certain subsidiaries as disclosed in Note 20.

The Company monitors on an ongoing basis the results of the said subsidiaries and repayments made by the said subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

The maximum exposure to credit risk amounts to **RM2,938,622** (2016: RM3,454,731) representing the guaranteed outstanding banking facilities of the subsidiaries as at the end of the reporting period.

24.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

The Group and the Company aim to maintain a balance of sufficient cash and deposits and flexibility in funding by maintaining credit facilities with their bankers.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flow RM	Within one year RM
GROUP			
2017			
Non-derivative financial liabilities			
Trade and other payables	**5,830,956**	**5,830,956**	**5,830,956**
Borrowings	**2,483,623**	**2,483,623**	**2,483,623**
	8,314,579	**8,314,579**	**8,314,579**
Derivative financial liabilities			
Foreign currency forward contracts:			
Inflow-Net	**(382,464)**	**(382,464)**	**(382,464)**
	7,932,115	**7,932,115**	**7,932,115**
2016			
Non-derivative financial liabilities			
Trade and other payables	5,176,642	5,176,642	5,176,642
Borrowings	2,925,554	2,925,554	2,925,554
	8,102,196	8,102,196	8,102,196
Derivative financial liabilities			
Foreign currency forward contracts:			
Outflow-Net	236,418	236,418	236,418
	8,338,614	8,338,614	8,338,614
COMPANY			
2017			
Non-derivative financial liabilities			
Accruals	**246,190**	**246,190**	**246,190**
*Financial guarantee	**-**	**2,938,622**	**2,938,622**
	246,190	**3,184,812**	**3,184,812**
2016			
Non-derivative financial liabilities			
Accruals	246,190	246,190	246,190
*Financial guarantee	-	3,454,731	3,454,731
	246,190	3,700,921	3,700,921

* This liquidity risk is included for illustration purpose only notwithstanding that the related financial guarantee has not crystalised.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.5 Interest rate risk

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair values due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and of the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Fixed rate instruments				
Short-term funds	**2,381,392**	5,344,641	**-**	-
Cash at banks	**4,175,686**	2,519,199	**57,632**	53,018
	6,557,078	7,863,840	**57,632**	53,018
Floating rate instruments				
Borrowings	**2,483,632**	2,925,554	**-**	-

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value 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 rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for floating rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by **RM5,120** (2016: RM7,722) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

24.6 Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currency of the Group. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purpose. The currencies giving rise to this risk are primarily US Dollar ("USD") and Euro ("EURO").

The Group uses foreign currency forward contracts to manage some of the transactions exposure. The Group hedge its foreign currency denominated trade receivables, trade payables and its estimated foreign currency exposure in respect of forecast sales. All the forward foreign currency contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward foreign currency contracts are rolled over at maturity at market rates.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.6 Foreign currency risk (Cont'd)

The Group's exposure to foreign currencies, based on carrying amounts as at the end of the reporting period is as follows:

	Denominated in USD		Denominated in EURO	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Trade and other receivables	**5,079,470**	3,717,304	**-**	104,966
Cash and bank balances	**1,054,142**	1,526,918	**89,158**	755,944
Trade and other payables	**(169,936)**	(190,680)	**-**	-
Borrowings	**(2,483,623)**	(2,925,554)	**-**	-
Net exposure	**3,480,053**	2,127,988	**89,158**	860,910

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables being constant, on the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased profit before taxation by the amount shown below and a corresponding weakening of the RM would have an equal but opposite effect.

	GROUP	
	2017 RM	**2016 RM**
USD	**348,005**	212,799
EURO	**8,916**	86,091
Decrease	**356,921**	298,890

25. FAIR VALUE MEASUREMENT

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value which fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable (refer to Note 2.2 to the financial statements for definition of Level 1 to 3 fair value hierarchy).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
GROUP				
2017				
Financial assets				
Investment in quoted unit trust funds	**7,943,727**	**-**	**-**	**7,943,727**
Foreign currency forward contracts	**-**	**390,962**	**-**	**390,962**
Financial liabilities				
Foreign currency forward contracts	**-**	**8,498**	**-**	**8,498**
2016				
Financial assets				
Investment in quoted unit trust funds	5,654,714	-	-	5,654,714
Financial liabilities				
Foreign currency forward contracts	-	236,418	-	236,418
COMPANY				
2017				
Financial assets				
Investment in quoted unit trust funds	**1,615,476**	-	**-**	1,615,476
2016				
Financial assets				
Investment in quoted unit trust funds	1,522,381	-	-	1,522,381

25. FAIR VALUE MEASUREMENT (CONT'D)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

The investments which are quoted in an active market are carried at fair value by reference to their quoted closing bid price at the end of the reporting period. Fair value of the foreign currency forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate at the end of the reporting period.

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to its shareholders or adjusting the amount of dividends to be paid to its shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year. The Group has no external capital requirement imposed by its lenders.

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 accumulated losses 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:

	GROUP		**COMPANY**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Total (accumulated losses)/retained profits of the Company and its subsidiaries:				
- Realised	**19,995,606**	19,740,600	**(5,114,509)**	(4,823,581)
- Unrealised	**122,564**	(103,386)	**-**	-
	20,118,170	19,637,214	**(5,114,509)**	(4,823,581)
Less: Consolidation adjustments	**(24,823,810)**	(25,299,716)	**-**	-
Total accumulated losses as per statements of financial position	**(4,705,640)**	(5,662,502)	**(5,114,509)**	(4,823,581)

ANALYSIS OF SHAREHOLDINGS

as at 30 August 2017

1. Number of holders of Ordinary Shares : 44,421,700

Class of Equity Securities : Ordinary shares

Voting Rights : 1 vote per share

2. ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 AUGUST 2017

Size of shareholdings	No. of shareholders	No. of shares	% of total issued capital
Less than 100	9	372	*
100 to 1,000	785	745,892	1.68
1,001 to 10,000	785	3,583,100	8.07
10,001 to 100,000	206	5,233,500	11.78
100,001 to less than 5% of issued shares	32	13,736,636	30.92
5% and above of issued shares	3	21,122,200	47.55
TOTAL	**1,820**	**44,421,700**	**100.00**

* Negligible

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 AUGUST 2017

	Name	No. of shares	% of total issued capital
1.	TBHL Holdings Sdn. Bhd.	12,141,594	27.33
2.	TBHL Holdings Sdn. Bhd.	6,369,606	14.34
3.	Guan Kok Beng	2,611,000	5.88
4.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. (pledged securities account for How Yoke Kam)	2,115,000	4.76
5.	Tan Han Chuan	1,911,500	4.30
6.	Ong Wee Lieh	1,699,700	3.83
7.	JF Apex Nominees (Tempatan) Sdn Bhd (pledged securities account for Teow Wooi Huat)	748,300	1.68
8.	Guan Shaw Yin	734,000	1.65
9.	Guan Kim Heng	584,036	1.31
10.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Lee Siaw Hua	527,000	1.19
11.	Sing Foong Yin	520,200	1.17
12.	Stable Level Sdn. Bhd.	478,000	1.08
13.	Yeoh Phek Leng	400,000	0.90
14.	Ang Huat Keat	386,700	0.87
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd (pledged securities account for Koek Tiang Kung)	361,000	0.81
16.	RHB Capital Nominees (Tempatan) Sdn Bhd (pledged securities account for Yong Kian Fui)	324,000	0.73
17.	Quan Yew Hwat	281,000	0.63
18.	Yong Ping	234,000	0.53
19.	Toh Kam Choy	225,000	0.51
20.	Ng Park Lim	218,000	0.49

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 AUGUST 2017 (CONT'D)

	Name	No. of shares	% of total issued capital
21.	Cheng Mei Fung @ Chirn Mei Fung	195,200	0.44
22.	Leong Shang Ming	185,000	0.42
23.	Public Nominees (Tempatan) Sdn Bhd (pledged Securities Account For Teoh Thuan Hooi)	180,000	0.41
24.	Ooi Leng Hwa	150,000	0.34
25.	Chien Tai Hing	150,000	0.34
26.	Life Enterprise Sdn Bhd	132,000	0.30
27.	Ong Ju Seng	129,000	0.29
28.	Maybank Nominees (Tempatan) Sdn Bhd (pledged securities account for Yong Chew Keat)	120,000	0.27
29.	Maybank Nominees (Tempatan) Sdn Bhd (pledged securities account for Loh Eng Swee)	110,100	0.25
30.	Ng Inn Jwee	110,000	0.25

4. SUBSTANTIAL SHAREHOLDERS AS AT 30 AUGUST 2017

		Direct interest		Deemed interest	
Name		No. of shares held	% of total issued capital	No. of shares held	% of total issued capital
1.	TBHL Holdings Sdn. Bhd.	18,511,200	41.67	-	-
2.	Guan Kok Beng	2,620,000	5.90	*18,511,200	41.67

* Deemed interest by virtue of his substantial shareholding in TBHL Holdings Sdn. Bhd.

5. INTEREST OF DIRECTORS AS AT 30 AUGUST 2017

a) Interest in shares of the Company

Name	Direct interest		Deemed interest	
	No. of shares held	% of total issued capital	No. of shares held	% of total issued capital
Guan Kok Beng	2,620,000	5.90	*18,511,200	41.67
Guan Shaw Kee	-	-	-	-
Guan Shaw Yin	734,000	1.65	-	-
Sim Yee Fuan	-	-	-	-
Lim Chun Thang	-	-	-	-
Ch'ng Lay Hoon	-	-	-	-

Note :

* Deemed interest by virtue of his substantial shareholding in TBHL Holdings Sdn. Bhd.

b) Interest in shares of related corporations

By virtue of his interest of not less than 15% in the shares of the Company, Mr. Guan Kok Beng is also deemed to have interest in the shares of all the subsidiary companies to the extent that the Company has an interest as at 30 August 2017.

None of the other directors has any interest in the shares of related corporations as at 30 August 2017.

LIST OF PROPERTIES

of the Group as at 31 May 2017

	Address/Location	Date of acquisition	Description	Use	Tenure	Approximate age of building	Total land area / approximate built up area (sq. ft.)	Carrying amount
1	1168 Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan, 13800 Butterworth	13-05-1995	3 storey office & 1 storey factory	Office, showroom & factory	Freehold	19.5 years	62,140 / 62,600	3,366,066
2	1169 Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan, 13800 Butterworth	7-11-1992	1 storey factory	Factory	Freehold	*24.5 years	69,589 / 40,947	1,339,039
3	No 14 & 16, Lorong Perusahaan Sungai Lokan 3, Taman Perindustrian Baru Butterworth, Sungai Dua, 13800 Butterworth	27-12-1994	2 storey terrace light industrial building	Store	Freehold	20 years	4,368 / 6,218	441,364
4	No 15 Lorong Sungai Lokan 3/2, Sungai Dua, 13800 Butterworth	7-4-1994	2 storey terrace light industrial building	Store	Freehold	21 years	1,920 / 2,880	180,402
5	Lot 14 Jalan Perusahaan, Kawasan Perusahaan Kulim, 09000 Kulim, Kedah	22-3-1995	1 storey factory	Office & factory	Leasehold Expiry: 2080	*21.5 years	86,249 / 38,320	1,520,497
6	No 2 Lorong Bakau 3, Kawasan Perusahaan Perabut Sungai Baong, 14200 Sungai Bakap, Seberang Perai Selatan	24-4-1996	1 storey factory	Office & factory	Freehold	16.5 years	247,420 / 152,163	4,967,950
7	Plot A9 & A10, Furniture Village, Sungai Baong, Seberang Perai Selatan	24-4-1996	Industrial land	Vacant	Freehold	0	238,278	1,556,110
8	No 26, Lorong Perusahaan Sungai Lokan 3, Taman Perindustrian Baru Butterworth, Sungai Dua, 13800 Butterworth	12-11-2007	2 storey terrace light industrial building	Store	Freehold	20 years	2,842 / 3,919	301,112
								13,672,538

Notes:

The Group does not have a formal revaluation policy for its landed properties

Freehold lands are stated at cost and are not subject to depreciation
Leasehold land and building are stated at cost less accumulated impairment losses and accumulated depreciation respectively.

* Based on the latest upgrading date of building

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Second Annual General Meeting of Eurospan Holdings Berhad will be held at Enggang Room, Ground Floor, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Monday, 30 October 2017 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESSES

1. To receive the Audited Financial Statements for the financial year ended 31 May 2017 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1)

2. To approve the payment of Directors' fees of RM311,000 to Directors of the Company and its subsidiaries for the financial year ended 31 May 2017. Resolution 1

3. To approve the payment of benefits other than Directors' fee of up to RM34,500 to the Directors of the Company from February 2017 until the next Annual General Meeting of the Company. Resolution 2

4. To consider and, if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions:-

   "THAT Mr. Guan Shaw Kee, who retires pursuant to Article 126 of the Company's Constitution, be and is hereby re-elected as a Director of the Company." Resolution 3

   "THAT Mr. Guan Shaw Yin, who retires pursuant to Article 126 of the Company's Constitution, be and is hereby re-elected as a Director of the Company." Resolution 4

   "THAT Mr. Lim Chun Thang, who retires pursuant to Article 126 of the Company's Constitution, be and is hereby re-elected as a Director of the Company." Resolution 5

   "THAT Ms. Ch'ng Lay Hoon, who retires pursuant to Article 131 of the Company's Constitution, be and is hereby re-elected as a Director of the Company." Resolution 6

5. To re-appoint Messrs Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 7

AS SPECIAL BUSINESSES

6. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

   Authority to Issue Shares Resolution 8

   "THAT pursuant to Section 76 of the Companies Act, 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time upon such terms and conditions and for such purposes and to such person or persons as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from 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 ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

Proposed Renewal of Authority for the Purchase by the Company of its own Shares of up to Ten Percent (10%) of its Issued and Paid-Up Capital ("Share Buy-Back") Resolution 9

"THAT, subject to the Companies Act, 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares ("Shares") in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:-

(a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point in time subject to compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02 of the Listing Requirements of Bursa Securities;

(b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the Company's audited retained earnings at any point in time;

(c) The authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

    (i) The conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

    (ii) The expiration of the period within which the next AGM after that date is required by law to be held; or

    (iii) Revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

    whichever occurs first; and

(d) Upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to retain the Shares so purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities, or to retain part of the Shares so purchased as treasury shares and cancel the remainder in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as they may consider necessary or expedient to implement and give effect to the Share Buy-Back."

7. To consider any other business for which due notice shall have been given in accordance with the Act.

By order of the Board

Lim Kim Teck
(MAICSA 7010844)
Secretary
Penang

Date : 29 September 2017

NOTES

1. Agenda 1

   This agenda item is intended for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

2. Explanatory Note on Special Businesses

   Ordinary Resolution 8

   The proposed Ordinary Resolution if passed will empower the Directors of the Company to issue and allot shares up to 10% of the issued and paid-up share capital of the Company from time to time. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

   As at the date of this notice no shares have been issued pursuant to the mandate granted to the Directors at the last AGM held on 28 October 2016 and which will lapse at the conclusion of the Twenty Second AGM.

   The Directors seek a renewal of the mandate to provide flexibility to the Company for possible raising of funds, including but not limited to further placing of shares, for purpose of additional working capital, funding of investments and/or acquisitions.

   Ordinary Resolution 9

   The Ordinary Resolution if passed will authorise the Company to purchase up to 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

3. Entitlement to attend AGM and appointment of Proxy

   a) Only a Depositor whose name appear in the Record of Depositors as at 23 October 2017 shall be regarded as a member entitled to attend, speak and vote or to appoint a proxy or proxies to attend, speak and vote at the Twenty Second AGM.

   b) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.

   c) Subject to paragraph (d) below, a member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

   d) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   e) If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

   f) To be valid the proxy form must be duly completed and deposited at the registered office of the Company, 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang not less than forty-eight (48) hours before the time for holding the meeting.

EUROSPAN

EUROSPAN HOLDINGS BERHAD (351927-M)

EST. 1972

(Incorporated in Malaysia)

PROXY FORM

for the 22nd Annual General Meeting

CDS Account No.	
No. of shares held	

I/We ____

(Full Name in Block Letters)

of ____

(Address)

being a member/members of the above Company appoint ___________________________________

(Full Name in Block Letters)

of ____

(Address)

or failing him, ____

(Full Name in Block Letters)

of ____

(Address)

as my/our Proxy to vote in my/our name(s) on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Monday, 30 October 2017 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:-

Resolution		For	Against
To approve the payment of Directors' fees of RM311,000 to Directors of the Company and its subsidiaries for the financial year ended 31 May 2017.	Resolution 1		
To approve the payment of benefits other than Directors' fee of up to RM34,500 to the Directors of the Company from February 2017 until the next Annual General Meeting of the Company.	Resolution 2		
To re-elect Mr. Guan Shaw Kee, who retires pursuant to Article 126 of the Company's Constitution, as a Director of the Company.	Resolution 3		
To re-elect Mr. Guan Shaw Yin, who retires pursuant to Article 126 of the Company's Constitution, as a Director of the Company.	Resolution 4		
To re-elect Mr. Lim Chun Thang, who retires pursuant to Article 126 of the Company's Constitution, as a Director of the Company.	Resolution 5		
To re-elect Ms. Ch'ng Lay Hoon, who retires pursuant to Article 131 of the Company's Constitution, as a Director of the Company.	Resolution 6		
To re-appoint Messrs Grant Thornton as the Company's Auditors.	Resolution 7		
To empower the Directors to issue and allot shares up to 10% of the issued share capital of the Company.	Resolution 8		
To renew the authority to purchase up to 10% of the issued and paid-up share capital of the Company.	Resolution 9		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Dated this ______________________ day of ______________________ 2017.

____

Signature of Shareholder

Notes:

a) Only a Depositor whose name appear in the Record of Depositors as at 23 October 2017 shall be regarded as a member entitled to attend, speak and vote or to appoint a proxy or proxies to attend, speak and vote at the Twenty Second AGM.

b) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.

c) Subject to paragraph (d) below, a member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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Affix
Stamp

The Company Secretary

EUROSPAN HOLDINGS BERHAD (351927-M)
35, 1st Floor, Jalan Kelisa Emas 1,
Taman Kelisa Emas,
13700 Seberang Jaya, Penang,
Malaysia

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