IMPRINTS OF GROWTH

Annual Report 2009

EUROSPAN

EUROSPAN HOLDINGS BERHAD (351927-M)

OUR VISION

Leadership through Innovation

OUR MISSION

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

CONTENTS

Eurospan's growth throughout the years have left the company's imprints on the lives of many ... the consumers whose needs are served and whose homes are graced by their products; the associates who have transacted with the company in mutual benefit; the investors whose confidence and trust in Eurospan have proven to their advantage; the human resource of the company who have striven with the company and grown with it. These are the imprints Eurospan regards with pride and which it will always endeavour to maintain.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Guan Kok Beng	*Chairman and Managing Director*
Guan Shaw Kee	*Executive Director*
Guan Shaw Yin	*Executive Director*
Guan Kim Heng	*Non Independent Non-Executive Director*
Guan Kim Loong	*Non Independent Non-Executive Director*
Dato' Noor Ahmad Mokhtar Bin Haniff	*Independent Non-Executive Director*
Diong Chin Teck	*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 : 604-3976672
Fax : 604-3976675

SHARE REGISTRAR

Plantation Agencies Sdn Berhad
3rd Floor, Standard Chartered Bank Chambers
Lebuh Pantai
10300 Penang
Tel : 604-2625333
Fax : 604-2622018

AUDITORS

KPMG
1st Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd

Stock Exchange Listing

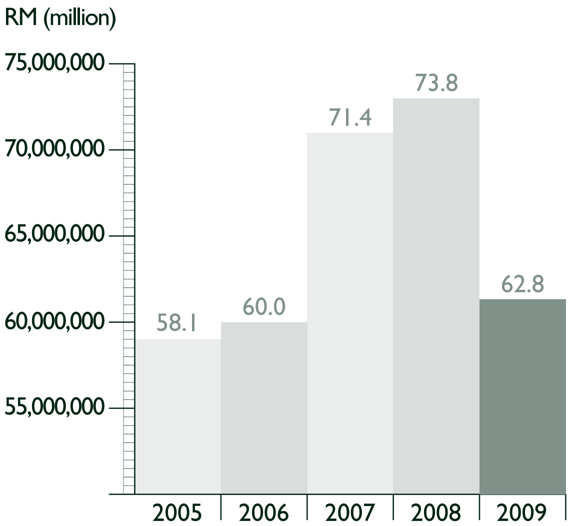
Main Market of Bursa Malaysia Securities Berhad

www.eurospan.com.my

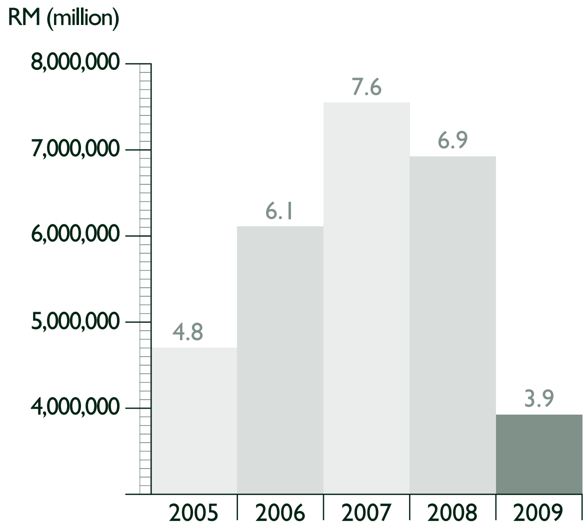
GROUP STRUCTURE

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

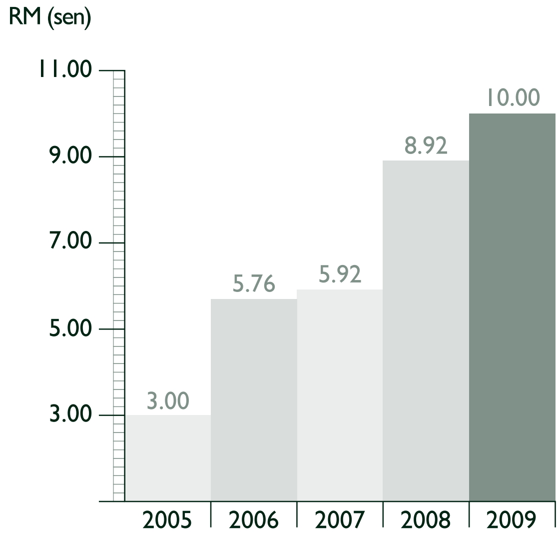
FINANCIAL HIGHLIGHTS



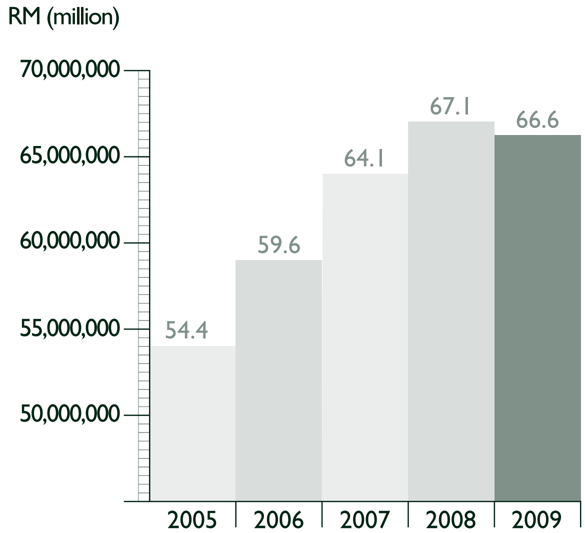
Group Revenue



Group Profit Before Tax



Net Dividends Per Ordinary Share (sen)



Shareholders' Equity

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, this is the Annual Report and Accounts of Eurospan Holdings Berhad and its subsidiaries ("the Group") for the financial year ended 31 May 2009.

The financial year reviewed here was a challenging one in lieu of the global economic crisis.

GROUP RESULTS

For the financial year ended 31 May 2009, the Group's profit before tax was RM3.94 million, compared to RM6.94 million for the last financial year. This was based on a revenue of RM62.80 million, compared to RM73.78 million in the previous year.

Rising material cost, fuel prices coupled with the strained global financial markets brought about poor consumer sentiments and confidences threatening towards a global recession were major challenges the Group had to contend with, which affected the Group's profit margin significantly.

SHAREHOLDERS DIVIDEND

A single tier interim dividend of 3 sen per ordinary share totaling RM1,206,375 in respect of the financial year ended 31 May 2009 was paid on 5 March 2009.

The Board is pleased to recommend a final single tier dividend of 8 sen per ordinary share for the financial year ended 31 May 2009 for the shareholders' approval at the forthcoming Annual General Meeting. This proposed dividend if payable in respect of all outstanding ordinary shares in issue as at 31 May 2009 will involve a cash payment of RM3,217,000.

OPERATIONS REVIEW

We carried out our business operations prudently amidst the year's challenges. Nonetheless, the Group still managed to register a satisfactory performance through its constant emphasis on its research & development's focused differentiation strategy that had created innovative, differentiated and higher value-added products that not only enabled it to pass on the higher furniture prices to consumers but also to penetrate the non-traditional furniture markets for a widened customer base.

Pertinently, the Group's ongoing operational improvement and cost reduction exercises had bring to the improved efficiency and facilitated in containing operational costs to a manageable level.

FUTURE PROSPECTS

The Group remains optimistic of the long-term prospects of the global furniture industry and is fully committed to address issues that threaten its existing core business of an integrated wood-based furniture manufacturer for export markets.

We will continue to be vigilant of the market changes and refine our business strategies and incorporate measures that will allow us to focus on our core strengths. Every effort would be made to mitigate risks and further increase operational efficiency in positioning our core business for opportunities growth while creating and enhancing shareholders' value.

Barring further unforeseen circumstances, the Board is of the opinion that the Group's performance will continue to be positive for the new financial year ending 31 May 2010.

CHAIRMAN'S MESSAGE (Continued)

ACKNOWLEDGEMENT AND APPRECIATION

The Group had managed to remain resilient and profitable amidst the various challenges faced by the industry mainly due to the invaluable contributions from the various stakeholders. Therefore, I would like to record my sincere appreciation for your efforts that have contributed to another satisfactory year.

Last but not least, I would like to record my sincere appreciation to the Management and staff of the Group for their continuous loyalty, commitment and dedication and look forward to continue working as an effective and efficient team and so to strive harder in our quest to be the leading furniture manufacturer.

Guan Kok Beng
Chairman

Date: 1 October 2009

BOARD OF DIRECTORS

Guan Kok Beng
Chairman & Managing Director

Mr. Guan Kok Beng, a Malaysian Citizen, aged 57, 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 30 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. Between 1995 and 1998, he was the Advisor of the Penang Furniture Manufacturers and Dealers Association ("PFMDA") and from 1992 and 1995, he was the President. He was also a committee member of the Malaysian Furniture Industry Council from 1992 to 1995.

He serves as a member of the Remuneration Committee. He is the brother of Mr. Guan Kim Heng and Mr. Guan Kim Loong and is the father of Mr. Guan Shaw Kee and Mr. Guan Shaw Yin. He is a major shareholder of TBHL Holdings Sdn Bhd, a major shareholder of Eurospan Holdings Berhad ("Eurospan").

Guan Shaw Kee
Executive Director

Mr. Guan Shaw Kee, a Malaysian Citizen, aged 33, was appointed as an Executive Director of the Company on 28 April 2008 to be primarily involved in sales and marketing and research and development functions of the Group. He obtained his diploma in Computing & Information Technology from Alexander Institute of Technology in Australia and joined Eurospan since 2002.

He is a son of Mr. Guan Kok Beng, the brother of Mr. Guan Shaw Yin and is a nephew of Mr. Guan Kim Heng and Mr. Guan Kim Loong.

Guan Shaw Yin
Executive Director

Mr. Guan Shaw Yin, a Malaysian Citizen, aged 31, was appointed as an Executive Director of the Company on 28 April 2008 to be primarily involved in purchasing, stores, production planning, finance and to provide direction for corporate planning functions of the Group. He holds a bachelor degree in Business Administration from Northwood University, USA. He joined an audit firm as Assistant Auditor in 2003. He then joined a metal works factory in 2005 as Sales Executive and joined Eurospan since 2006.

He serves as a member of the ESOS Committee. He is a son of Mr. Guan Kok Beng, the brother of Mr. Guan Shaw Kee and is a nephew of Mr. Guan Kim Heng and Mr. Guan Kim Loong.

Guan Kim Heng
Non-Independent Non-Executive Director

Mr. Guan Kim Heng, a Malaysian Citizen, aged 51, was appointed as an Executive Director of the Company on 30 April 2000. On 19 June 2008, he was re-designated to Non-Executive Director. Prior to this, he was primarily involved in corporate planning, providing direction and overseeing the financial, human resources and administrative functions of the Group.

He serves as a member of the Audit Committee. He is the brother of Mr. Guan Kok Beng and Mr. Guan Kim Loong and is the uncle of Mr. Guan Shaw Kee and Mr. Guan Shaw Yin. He is a major shareholder of TBHL Holdings Sdn Bhd, a major shareholder of Eurospan.

BOARD OF DIRECTORS (Continued)

Guan Kim Loong

Non-Independent Non-Executive Director

Mr. Guan Kim Loong, a Malaysian Citizen, aged 45, was appointed as an Executive Director of the Company on 30 April 2000. On 28 April 2008, he was re-designated to Non-Executive Director. Prior to this, he was primarily involved in production and engineering, providing direction and overseeing the Group's management information systems, strengthening manufacturing processes as well as the quality control and assurance procedures of the Group.

On 28 July 2008, he was appointed as a member of the Nominating Committee. He is the brother of Mr. Guan Kok Beng and Mr. Guan Kim Heng and is the uncle of Mr. Guan Shaw Kee and Mr. Guan Shaw Yin. He is a major shareholder of TBHL Holdings Sdn Bhd, a major shareholder of Eurospan.

Dato' Noor Ahmad Mokhtar bin Haniff

Independent Non-Executive Director

Dato' Mokhtar, a Malaysian Citizen, aged 70, was appointed as an Independent Non-Executive Director of the Company on 19 May 2000. Dato' Mokhtar graduated with a Bachelor of Arts Degree (Hons) in Economics in 1964 and obtained a post graduate Diploma in Education in 1965, both from Universiti Malaya. He also obtained a certificate in Top Management from the Asian Institute of Management in Manila in 1977. He joined Penang Development Corporation ("PDC") as the Principal Director of the Free Trade Zone in 1972 and was subsequently promoted to its Administration Manager in 1976 and Deputy General Manager in 1980. From 1991 to his retirement in 1997, he was the General Manager of PDC.

He serves as the Chairman of Audit Committee, Remuneration Committee, Nominating Committee and ESOS Committee. He does not have any family relationship with any director of the Company. He also sits on the Board of Yikon Corporation Bhd and Globetronics Technology Bhd.

Diong Chin Teck

Independent Non-Executive Director

Mr Diong Chin Teck, a Malaysian Citizen, aged 76, was appointed as an Independent Non-Executive Director of the Company on 19 May 2000. He is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants ("MIA"). In 1967, he joined KPMG, Chartered Accountants and was made a partner in 1971. He retired from the firm in 1988.

He serves as a member of Audit Committee, Remuneration Committee and Nominating Committee. He does not have any family relationship with any director of the Company. He is the Secretary of Oriental Holdings Berhad and its subsidiary companies. He also sits on the Board of Globetronics Technology Bhd, Asas Dunia Berhad, Zhulian Corporation Berhad and Oriental Holdings Berhad.

Conflict of Interest

None of the Directors has any conflict of interest with the Company.

Conviction for Offences

None of the Directors has been convicted for offences within the past 10 years.

Material Contracts

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

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is supportive of the adoption of principles and best practices as enshrined in the Malaysian Code on Corporate Governance throughout the Group, for the protection and enhancement of stakeholders' value and the performance of the Group.

The Board of Directors is pleased to disclose below the manners in which it has applied the principles of good corporate governance and considered that it had complied with the best practices provisions except as stated otherwise.

A. BOARD OF DIRECTORS

The Board of Directors has the overall responsibility for corporate governance, strategic direction and operations of the Group.

1.0 Board Meetings

The Board of Directors met on five (5) occasions during the financial year and the attendance of each member of the Board is as follows:-

Name of Directors	Attendance
Guan Kok Beng	5/5
Dato' Noor Ahmad Mokhtar Bin Haniff	5/5
Diong Chin Teck	5/5
Guan Kim Heng	5/5
Guan Kim Loong	5/5
Guan Shaw Kee	5/5
Guan Shaw Yin	5/5

Board meetings are scheduled in advance at the beginning of each calendar year to enable Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention given to the Board agenda.

During the course of a meeting, the Board deliberated and considered on matters including the Group's financial performance, business review, operating performance to-date against the annual budget and the business strategies. The Audit Committee also reports the outcome of committee meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision making process.

2.0 Board Balance and Independence

The Board consists of seven (7) members, comprising three (3) Executive Directors, two (2) Non-Executive Directors and two (2) Independent Non-Executive Directors. The Directors, with their different backgrounds and specialization, collectively bring with them a wide range of experience and expertise in areas such as marketing, operations, finance and corporate affairs. A brief profile of each Director is presented on pages 7 and 8 of this Annual Report.

Although the positions of Chairman and Managing Director are held by the same Director, the Board is of the opinion that no one individual has unfettered powers of decision as there is a strong independent element within the Board in the form of the two (2) Independent Non-Executive Directors, who provide a check and balance in the Board on decision-making. Moreover, it is the practice of the Chairman to encourage participation by all members during Board meetings.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

2.0 Board Balance and Independence (Continued)

The appointment of a Senior Independent Non-Executive Director to whom concerns may be conveyed has not been made, given that the Board is open for full deliberation of all matters submitted to the Board and Shareholders' meetings. In addition, the Board has strong independent elements within the Board in the form of the Independent Non-Executive Directors. Thus, the Board does not consider it necessary at this juncture to identify a Senior Independent Non-Executive Director.

3.0 Supply of Information

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Every Director has also unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board. The Articles of Association specifies that the removal of the secretary is a matter for the Board as a whole.

Prior to the meetings of the Board and the Board Committees, Board papers which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, were circulated to all the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Directors review and approve all corporate announcements, including the announcement of the quarterly financial reports, prior to releasing them to the Bursa Malaysia Securities Berhad ('Bursa Securities').

The Board as a whole determines whether as a full board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.

4.0 Appointment to the Board

The Group has implemented procedures for the nomination and election of Directors via the Nomination Committee. The Nomination Committee is responsible for identifying and recommending to the Board suitable candidate for appointment to the Board and Board Committees, and also performance appraisal of the Directors.

The Nomination Committee was established in November 2001. The Nomination Committee formulates the nomination and selection policies for the Board, and reviews candidates for appointment as Directors based on criteria such as their qualifications, skills, functional knowledge, experience, character, integrity, professionalism and background.

5.0 Re-election of Directors

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in each three (3) years and a retiring Director is eligible for re-election and the election of each Director is voted on separately. This re-election process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director is furnished in the Annual Report.

The Articles further provide that all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Company Secretary will ensure that all the necessary information is obtained, as well as all legal and regulatory obligations are met before the appointments are made.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

5.0 Re-election of Directors (Continued)

The Nomination Committee upon its recent annual review carried out, is satisfied that the size of the Board is optimum and that there is appropriate mix of knowledge, skills attributes and core competencies in the composition of the Board. The Nomination Committee is satisfied that all the Members of the Board are suitably qualified to hold their positions as Directors of Eurospan Holdings Berhad in view of their academic and professional qualifications, experience and qualities.

Meetings of the Nomination Committee are held as and when required, and at least once a year. The Members registered full attendance at all meetings held by the Nomination Committee in the financial year ended 31 May 2009.

6.0 Directors' Training

The Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem fit and expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place.

All Directors have attended and successfully complete the Mandatory Accreditation Programme (MAP) pursuant to the requirement of Bursa Malaysia Securities Berhad.

There were also briefings by the Internal and External Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings and Audit Committee meetings.

In addition, members of the Board are informed of various development programmes and encouraged to attend these programmes to keep abreast with the development in the industry and relevant regulatory updates in furtherance of their duties. However, due to their busy schedule, certain Directors did not attend any training for the financial year ended 31 May 2009. The Directors will endeavour to fulfill their training requirements for the financial year ending 31 May 2010.

B. DIRECTORS' REMUNERATION

The Remuneration Committee was established by the Board in November 2001. The Remuneration Committee carries out the annual review of the overall remuneration policy for Directors whereupon recommendations are submitted to the Board for approval. The Remuneration Committee ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors are sufficiently attractive to draw in and to retain persons of high calibre.

The Company pays its Directors annual fee, which is approved annually by the shareholders.

Details of the nature and amount of each major element of the remuneration of the Directors of the Company are as follows:-

Directors	Salaries (RM'000)	Fees (RM'000)	Other emoluments (RM'000)
Executive	667	190	197
Non-Executive	0	140	9

STATEMENT ON CORPORATE GOVERNANCE (Continued)

B. DIRECTORS' REMUNERATION (Continued)

The number of Directors whose remuneration falls into the following bands is:-

Range of Remuneration RM	Executive	Non-Executive
50,000 and below	0	4
100,001 - 200,000	2	0
200,001 - 600,000	0	0
600,001 - 700,000	1	0

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

C. BOARD COMMITTEES

The Board has set up four (4) Board Committees, i.e. Audit, Nomination, Remuneration and Employees' Share Option Scheme ('ESOS') Committees, to delegate specific powers and responsibilities to support the role of the Board to provide assurance and accountability to its shareholders, all of which have their own terms of reference.

The composition of the Board Committees and the attendance of Members at Board Committees meetings held in the financial year ended 31 May 2009 are reflected as follows:-

Audit Committee	Attendance
Dato' Noor Ahmad Mokhtar Bin Haniff Chairman *(Independent Non-Executive Director)*	5/5
Diong Chin Teck *(Independent Non-Executive Director)*	5/5
Guan Kim Heng *(Non-Independent Non-Executive Director)*	5/5

Nomination Committee	Attendance
Dato' Noor Ahmad Mokhtar Bin Haniff Chairman *(Independent Non-Executive Director)*	1/1
Diong Chin Teck *(Independent Non-Executive Director)*	1/1
Guan Kim Loong *(Non-Independent Non-Executive Director)*	1/1

Remuneration Committee	Attendance
Dato' Noor Ahmad Mokhtar Bin Haniff Chairman *(Independent Non-Executive Director)*	1/1
Diong Chin Teck *(Independent Non-Executive Director)*	1/1
Guan Kok Beng *(Executive Director)*	1/1

STATEMENT ON CORPORATE GOVERNANCE (Continued)

C. BOARD COMMITTEES (Continued)

ESOS Committee	Attendance
Dato' Noor Ahmad Mokhtar Bin Haniff Chairman *(Independent Non-Executive Director)*	2/2
Guan Shaw Yin *(Executive Director)*	2/2
Moy Ean Chung *(Management Staff)*	2/2
Chan Kin Lip *(Resigned on 14 August 2009)* *(Management Staff)*	2/2
Kim Lee Ming *(Management Staff)*	2/2
Tan Sim Yong *(Management Staff)*	2/2

The ESOS Committee was established in July 2004. The ESOS Committee is responsible for the policies, governance and orderly administration of the ESOS. The Committee presides over all issues, complaints and appeals regarding ESOS and discharges its duties and responsibilities to the best interest of the Group and in accordance with the objectives and provisions contained in the ESOS By-laws.

The Committee oversees management's implementation of the scheme and decides, amongst others, on the offer, offer date, eligibility, basis of allotment, the exercise of options, the administration, modification to the scheme, dispute and termination issues in relation to the scheme.

Further details on the other Board Committees are contained in the Statement on Corporate Governance and Audit Committee Report.

D. SHAREHOLDERS

The Group is fully aware of the importance of effective and timely communication with shareholders and investors and the Board endeavors to make timely release of annual reports, press release, quarterly reports and any announcements in material corporate exercises which are the primary mode of disseminating information on Group's business activities and financial performance.

The Annual General Meeting represents the principal communication channel and dialogue with the shareholders and the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general, as appropriate. The external auditors attend Annual General Meetings upon invitation and to provide their professional and independent clarification on issues raised by the shareholders.

Each item of special business in the Notice of the Annual General Meeting would be accompanied with an explanation of the effects of the proposed resolution.

The results of all the resolutions as set out in the Notice of the Annual General Meeting would be announced on the same date as the Annual General Meeting via Bursa Link, which is accessible on Bursa Malaysia Securities Berhad's website.

A press conference is normally held immediately after the meeting to facilitate media queries on the Group's financial performance and operations.

The Company also maintains a website"http://www.eurospan.com.my" through which shareholders and the general public can obtain up-to-date information.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

D. SHAREHOLDERS (Continued)

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Where Extraordinary General Meetings are held to obtain shareholder's approval on certain business or corporate proposals, comprehensive circulars to shareholders would be sent within prescribed deadlines in accordance with the statutory and regulatory requirements.

E. ACCOUNTABILITY AND AUDIT

1.0 Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders and the Chairman's statement, which incorporates a review of the operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

2.0 Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

3.0 Internal Controls

The Directors recognizes their ultimate responsibility for the Group's system of internal controls and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. To assist the Board, the Group has in place an adequately resourced internal audit division. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a structured risk management process to better identify, monitor and ensure the relevant and appropriate measures to manage the business risk affecting the Group. This system by its nature can only provide reasonable but not absolute assurance against misstatement, fraud or loss.

4.0 Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee's terms of reference as detailed on pages 16 to 20 of the Annual Report.

5.0 Compliance Statement

Save and except where stated otherwise, the Board is pleased to state that the Group has substantially complied with the best practices of the Code throughout the financial year.

This statement is issued in accordance with a Directors' Resolution passed at a Board of Directors' Meeting held on 24 August 2009.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Listing Requirements requires the Board of Directors of public listed companies to include in their annual report, a "statement about the state of internal control of the listed issuer as a group". The Board of Directors ("Board") is committed to maintaining a sound system of internal control throughout the Group, comprising the Company and all its subsidiaries, and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable not absolute assurance against material misstatement, loss, fraud or breaches of laws or regulations. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls.

The Board is aware of the publication of the "Statement on Internal Control - A guidance to Directors of Public Listed Companies" (The "Internal Control Guidance"), which provides guidance on the process of identifying, evaluating and managing significant risks faced by the Group. The Board has also adopted the Internal Control Guidance in its efforts to ensure the adequacy and integrity of the system of internal control of the Group.

INTERNAL AUDIT FUNCTION

The Group has in place an internal audit function, which provides the Board with independent assurance it requires regarding the adequacy and integrity of the system of internal control. The internal audit reviews the internal controls for the key activities of the Group's operations based on the approved annual internal audit plan. The internal audit plan, prepared in accordance with a risk-based approach was essentially drawn up to review the key processes established within the operations of the Group.

For the financial year under review, Management has acted upon the recommendations made by the internal audit function, as appropriate, in order to enhance the system of internal control.

ENTERPRISE RISK MANAGEMENT

The Group has established an enterprise risk management framework to identify, evaluate and manage the significant risks that may adversely affect the achievement of its business objectives.

OTHER CONTROL PROCESSES

The Board has put in place an organisational structure with defined lines of responsibility and delegation of authority. A hierarchical reporting system has been established which includes inter-alia, the establishment of limits of authority coupled with the issuance of policies on health and safety, training and development, staff performance and serious misconduct. These procedures provide continuous assurance to be given at increasingly higher levels of Management and, finally to the Board. The Group Managing Director also reports to the Board on significant changes in the business and external environment, which affects the operations of the Group at large.

The Group Finance Manager provides the Board with quarterly financial information, including pertinent explanations on the performance of the Group.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSS

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Internal Control in accordance with Auditing Technical Release 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control for the inclusion in the annual report for the year ended 31 May 2009 in compliance with Paragraph 15.23 of Bursa Securities Listing Requirement.

This statement is issued in accordance with a Directors' Resolution passed at a Board of Directors' Meeting held on 24 August 2009.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices and to ensure the adequacy and effectiveness of the Group's system of internal control.

A. MEMBERSHIP AND MEETINGS

The Audit Committee met on five (5) occasions during the financial year and the attendance of each member of the Audit Committee is as follows:-

	Composition of the Audit Committee	Attendance
Chairman	**Dato' Noor Ahmad Mokhtar Bin Haniff** *(Independent Non-Executive Director)*	5/5
Members	**Diong Chin Teck** *(Independent Non-Executive Director)*	5/5
	Guan Kim Heng *(Non-Independent Non-Executive Director)*	5/5

B. TERMS OF REFERENCE OF AUDIT COMMITTEE

1.0 Membership

1.1 The Committee shall be appointed by the Board of Directors and consist of not less than three (3) members, all members must be non-executive directors, with a majority of whom should be Independent Directors.

1.2 At least one (1) member of the Audit Committee:-

(a) must be a member of Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and:-

(i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967;

(ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

1.3 The Board of Directors must ensure that no alternate director is appointed as a member of the Audit Committee.

1.4 The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

1.5 In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board of Directors must fill the vacancy within three (3) months.

2.0 Authority

2.1 The Committee shall in accordance with a procedure to be determined:-

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with the external auditors and person(s) carrying the internal audit function or activity;

(e) be able to obtain independent professional or other advice; and
be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT (Continued)

3.0 Functions

3.1 The duties of the Committee include:-

3.1.1 to review the following and report the same to the Board of Directors of the Company:-

(a) with the external auditors, the audit plan, including the scope of work to ascertain that will meet the needs of the Board, the shareholders and regulatory authorities;

(b) with the external auditors, the evaluation of the system of internal accounting controls;

(c) with the external auditors, the audit report, including the management's response, to discuss problems and observations arising from the final audits and any matters the external auditors may wish to discuss (in the absence of management where necessary);

(d) the assistance given by the employees of the Company to the external auditors;

(e) the adequacy of the scope, functions, competency and resources of the Internal Audit Department and that it has the necessary authority to carry out its work;

(f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken the recommendations of the Internal Audit Department and urgent response to the major findings of internal investigations;

(g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

(i) changes in or implementation of major accounting policy changes and practices;

(ii) significant and unusual events;

(iii) compliance with accounting standards and other legal requirements and the going concern assumptions; and

(iv) significant adjustments arising from the audit;

(h) any related party transaction and conflict of interest situation that may arise with the Company or Group including any transaction, procedure or course that raises questions on management integrity;

(i) any letter of resignation from external auditors of the Company; and

(j) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

3.1.2 to consider the appointment or termination of a person or persons as external auditors and their remuneration.

3.1.3 To review any appraisal or assessment of the performance of internal audit staff and consider the appointment or termination of internal audit staff and their remuneration.

3.1.4 To take cognizance of resignation of senior internal audit staff member and to provide an opportunity to submit the reasons for resigning.

3.1.5 To promptly report to Bursa Malaysia Securitires Berhad any matter reported by the Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

3.1.6 To verify the allocation of options to employees pursuant to the share option scheme complies with the allocation criteria.

3.1.7 To carry out other functions as may be agreed to by the Committee and the Board.

AUDIT COMMITTEE REPORT (Continued)

4.0 Meetings

4.1 Meetings shall be held not less than four (4) times a year and shall normally be attended by the Head of Finance and Internal Auditors. The presence of the external auditors will be requested, if required. Other board members and employees attend only at the Committee's invitation.

4.2 At least twice a year, the Committee shall meet with the external auditors, the internal auditors or both without the executive board members present.

4.3 The quorum for each meeting shall be two. The majority of members present to form a quorum must be Independent Directors.

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

C. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the year, the Committee carried out the following activities:-

1.0 Financial Reporting

1.1 Reviewed the quarterly unaudited financial results of the Company and of the Group prior to submission to the Board of Directors for approval and subsequent release to the Bursa Malaysia Securities Berhad.

1.2 Reviewed the annual audited financial statements with the external auditors prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosures are in compliance with:-

(a) Provisions of the Companies Act, 1965;
(b) Listing Requirements of Bursa Malaysia Securities Berhad;
(c) Applicable approved accounting standards in Malaysia, and
(d) Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

2.0 Internal Audit

2.1 Reviewed the annual audit plan to ensure adequate scope and comprehensive coverage of the activities.

2.2 Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of Internal Audit Division.

2.3 Reviewed the internal audit reports which were tabled during the year, the audit recommendations made and Management's response to these recommendations. Where appropriate, the Committee has directed Management to rectify and improve control and workflow procedures based on the internal auditors' recommendations and suggestions for improvement.

2.4 Monitored the corrective actions on the outstanding audit issues to ensure that all the key risks and control lapses have been addressed.

2.5 Reviewed Internal Audit Division's audit methodology in assessing and rating risks of auditable areas and ensured that all high and critical risk areas were audited annually.

2.6 Reviewed the staffing requirements of Internal Audit Division, skills and the core competencies of the internal auditors.

AUDIT COMMITTEE REPORT (Continued)

C. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE (Continued)

3.0 External Audit

3.1 Reviewed with the external auditors:-

(a) Their audit plan, audit strategy and scope of work for the year.

(b) The results of the annual audit, their audit report and Management letter together with Management's response to the findings of the external auditors.

3.2 Assessed the independence and objectivity of the external auditors during the year and prior to the appointment of the external auditors for adhoc non-audit services. The Committee also received reports from the external auditors on their own policies regarding independence and the measures used to control the quality of their work.

3.3 Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

4.0 Employees' Share Option Scheme ("ESOS")

4.1 Verified the allocation of options to employees pursuant to the ESOS offered to ensure that the scheme complies with the allocation criteria.

5.0 Related Party Transactions

5.1 Reviewed the related party transactions entered into by the Company and the Group.

D. SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT FUNCTION

The internal audit division ('IAD') constitutes an independent managerial control which carries out its assurance role by providing an independent and objective assurance to the Audit Committee ('the Committee') in discharging its responsibilities. The IAD assists the Committee in discharging its duties and responsibilities by providing reasonable assurance that the systems of internal control and risk management processes operate satisfactorily and effectively.

The IAD also assists management in improving the Group's operations by assisting management in inculcating a systematic, disciplined approach in evaluating and improving on the effectiveness of the internal control and risk management processes for a more effective control over the business operations.

During the year under review:-

(a) the IAD presented the annual risk-based audit plan prioritized by the risk profile of the Group for the Committee's approval. It performed risk-based audits on certain business processes and functions of various business units within the Group in accordance with the approved annual risk-based internal audit plan. Any subsequent changes to the internal audit plan would be approved by the Audit Committee.

(b) It verified the existence and assessed the adequacy, integrity and effectiveness of the internal controls in place. It examined the supporting documents and records for completeness and accuracy in order to provide reasonable assurance on the integrity and reliability of both the financial and non-financial reporting.

(c) It verified and reported to the Committee, the allocation of options to eligible employees pursuant to the Employees' Share Option Scheme ('ESOS') offered to ensure that the scheme complies with the allocation criteria.

AUDIT COMMITTEE REPORT (Continued)

D. SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT FUNCTION (Continued)

(d) Upon completion of the audit, it reported its observations, findings and recommendations for improvements in the internal audit report for the Committee's deliberations. The IAD discussed with the management regarding improvements and instituted follow-up actions to remedy the weaknesses identified in the internal audit report.

All the internal audit activities were performed in-house. The total cost incurred in managing the IAD in 2009 was RM39,320.

E. STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO ESOS ALLOCATION

The Company implemented an Employees' Share Option Scheme ('ESOS') on 30 December 2004.

Pursuant to Paragraph 8.21A of the Listing Requirements of Bursa Malaysia Securities Berhad, the Audit Committee verified and confirmed that the allocation of options to eligible employees in the financial year ended 31 May 2009, has been made in accordance with the allocation criteria of the scheme.

CORPORATE SOCIAL RESPONSIBILITY

We interpret corporate social responsibility ("CSR") to imply that the Group should become a responsible corporate citizen of the country that it operates in by conducting its business practices legally and within the ethical norms expected from the society and the environment. The Group CSR practices are focused on the following areas: -

The Group is primarily a producer of dining sets furniture made from rubber wood sourced from rubber wood plantations in Malaysia and its neighboring countries. The rubber wood sourced from these countries is recognized as ecologically friendly as it is harvested, produced and transported in a way that protects wildlife, the environment and is sustainable for the needs of future generations. Hence the Group's products are environmentally friendly as its wooden components are ecologically friendly.

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

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. In addition, various internal and external trainings are provided to employees for performance enhancements. The Group also conducted visits to international trade fairs / exhibitions and manufacturing plants locally and overseas, to broaden the knowledge base of its employees.

The Group played its role as a socially responsible corporate citizen in the community. During the year, the Group supports the building of the foundation for the nation's future by donations to the school children and their activities.

OTHER INFORMATION

UTILIZATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

Not applicable as none was proposed.

SHARE BUY-BACKS

A proposal on share buy-back for the Company to purchase its own shares of up to 10% of the issued and paid up share capital of the Company was approved at the Company's Annual General Meeting held on 29 October 2008. The Company had not undertaken any share buy-back exercise for the financial year ended 31 May 2009.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Except for the ESOS, the Company did not issue/grant any options, warrants or convertible securities during the financial year ended 31 May 2009.

DEPOSITORY RECEIPT PROGRAMME

The Company does not sponsor any depository receipt programme.

SANCTIONS AND/OR PENALTIES

There was no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

SHORTFALL IN THE PROFIT ACHIEVED IN THE FINANCIAL YEAR AS COMPARED WITH THE PROFIT GUARANTEE

Not applicable as none was given during the financial year ended 31 May 2009.

NON-AUDIT FEES

The amount of non-audit fees paid by the Group to the external auditors during the financial year ended 31 May 2009 is approximately RM12,200.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 May 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of management services and investment holding.

The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the year	3,368,249	3,893,340

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) a final dividend of 4 sen per ordinary share less 25% tax and tax exempt dividend of 4 sen per ordinary share, totalling RM2,814,875 (7 sen net per ordinary share) in respect of the year ended 31 May 2008 on 5 December 2008; and

ii) a single tier interim dividend of 3 sen per ordinary share, totalling RM1,206,375 in respect of the year ended 31 May 2009 on 5 March 2009.

The final single tier dividend recommended by the Directors in respect of the year ended 31 May 2009 is 8 sen per ordinary share, totalling RM3,217,000 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Guan Kok Beng - *Chairman and Managing Director*

Guan Kim Heng

Guan Kim Loong

Dato' Noor Ahmad Mokhtar Bin Haniff

Diong Chin Teck

Guan Shaw Kee

Guan Shaw Yin

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares of RM1 each			
Name of Directors		**Balance at 1.6.2008**	**Bought**	**Sold**	**Balance at 31.5.2009**
The Company					
Direct interest					
Guan Kok Beng	- own	1,906,124	204,000	-	2,110,124
Guan Kim Heng	- own	1,113,036	-	-	1,113,036
Guan Kim Loong	- own	838,576	-	-	838,576
Diong Chin Teck	- own	15,000	-	-	15,000
Guan Shaw Yin	- others *	14,000	-	-	14,000
Deemed interest					
Guan Kok Beng	- own	18,511,200	-	-	18,511,200
Guan Kim Heng	- own	18,511,200	-	-	18,511,200
Guan Kim Loong	- own	18,511,200	-	-	18,511,200

		Number of options for ordinary shares of RM1 each			
		Balance at 1.6.2008	**Granted**	**Exercised**	**Balance at 31.5.2009**
The Company					
Guan Kok Beng	- own	600,000	-	-	600,000
Guan Shaw Kee	- own	30,000	-	-	30,000
Guan Shaw Yin	- own	23,000	-	-	23,000

* These are shares held in the name of the spouse and are treated as interests of the respective Director in accordance with Section 134(12)(c) of the Companies Act, 1965, which came to effect on 15 August 2007.

By virtue of their interests of more than 15% in the shares of the Company, Messrs Guan Kok Beng, Guan Kim Heng and Guan Kim Loong are also deemed to have interests in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 May 2009 had any interest in the ordinary shares and/or options of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employees' Share Option Scheme ("ESOS") of the Company.

DIRECTORS' REPORT (Continued)

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

On 22 November 2004, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issued share capital of the Company to eligible Directors and employees of the Group.

The options offered to take up unissued ordinary shares of RM1.00 each and the exercise prices are as follows:

		Number of options over ordinary shares of RM1 each				
Date of offer	**Exercise price RM**	**Balance at 1.6.2008**	**Granted**	**Exercised**	**Lapsed due to resignation**	**Balance at 31.5.2009**
24 January 2005	1.00	2,826,500	-	-	(160,500)	2,666,000
9 February 2005	1.00	3,000	-	-	-	3,000
10 April 2005	1.00	10,000	-	-	-	10,000
10 May 2005	1.00	48,000	-	-	-	48,000
10 July 2005	1.00	40,000	-	-	(3,000)	37,000
10 August 2005	1.00	23,000	-	-	-	23,000
10 October 2005	1.00	3,000	-	-	-	3,000
10 November 2005	1.00	30,000	-	-	(21,000)	9,000
10 December 2005	1.00	15,000	-	-	(3,000)	12,000
10 January 2006	1.00	12,000	-	-	-	12,000
10 February 2006	1.00	32,000	-	-	(23,000)	9,000
10 March 2006	1.00	35,000	-	-	-	35,000
10 April 2006	1.00	6,000	-	-	-	6,000
10 May 2006	1.00	24,000	-	-	(6,000)	18,000
10 June 2006	1.00	33,000	-	-	(14,000)	19,000
10 September 2006	1.00	28,500	-	-	(3,000)	25,500
10 October 2006	1.00	6,000	-	-	(6,000)	-
10 November 2006	1.00	3,000	-	-	(3,000)	-
10 January 2007	1.00	45,000	-	-	(24,000)	21,000
10 February 2007	1.00	18,000	-	-	(6,000)	12,000
10 March 2007	1.00	35,000	-	-	(3,000)	32,000
10 April 2007	1.00	13,000	-	-	(3,000)	10,000
10 May 2007	1.00	36,000	-	-	-	36,000
10 June 2007	1.00	25,000	-	-	(10,000)	15,000
10 July 2007	1.00	12,000	-	-	(3,000)	9,000
10 August 2007	1.00	15,000	-	-	-	15,000
10 September 2007	1.00	26,000	-	-	-	26,000
Carried forward	3,48	3,403,000	-	-	(291,500)	3,111,500

DIRECTORS' REPORT (Continued)

OPTIONS GRANTED OVER UNISSUED SHARES (Continued)

		Number of options over ordinary shares of RM1 each				
Date of offer	**Exercise price RM**	**Balance at 1.6.2008**	**Granted**	**Exercised**	**Lapsed due to resignation**	**Balance at 31.5.2009**
Brought forward		3,403,000	-	-	(291,500)	3,111,500
10 October 2007	1.00	12,000	-	-	(3,000)	9,000
10 November 2007	1.07	36,000	-	-	(3,000)	33,000
10 December 2007	1.00	33,000	-	-	(12,000)	21,000
10 January 2008	1.00	62,000	-	-	(6,000)	56,000
10 February 2008	1.00	35,000	-	-	(6,000)	29,000
10 March 2008	1.00	64,000	-	-	(29,000)	35,000
10 April 2008	1.00	52,000	-	-	(14,000)	38,000
10 May 2008	1.00	86,000	-	-	(21,000)	65,000
10 June 2008	1.00	-	120,000	-	(9,000)	111,000
10 July 2008	1.00	-	61,000	-	(3,000)	58,000
10 October 2008	1.00	-	6,000	-	(6,000)	-
10 November 2008	1.00	-	9,000	-	-	9,000
10 December 2008	1.00	-	46,000	-	-	46,000
		3,783,000	242,000	-	(403,500)	3,621,500

The details of the ESOS granted to the eligible Directors and employees who have been granted with 30,000 options or more during the financial year ended 31 May 2009 are as follows:

			Number of options over ordinary shares of RM1 each				
	Grant date	**Exercise price RM**	**At 1.6.2008**	**Granted**	**Exercised**	**Forfeited**	**At 31.5.2009**
Kim Lee Ming	10.7.2008	1.00	-	40,000	-	-	40,000
Tan Kee Siang	10.12.2008	1.00	-	40,000	-	-	40,000

Other than the above, a total of 162,000 options were granted to 19 employees of the Group. The average number of options to individual employee is 8,526.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of persons to whom options have been granted to subscribe for less than 30,000 ordinary shares of RM1 each during the financial year and details of their holdings as required by Section 169(11) of the Companies Act, 1965. This information has been separately filed with the Companies Commission of Malaysia.

The salient features of the scheme are, inter alia, as follows:

i) Eligible employees are those who have been confirmed in writing as employees of the Group on the date of offer and have been employed for a period of at least one (1) year prior to the date of offer.

ii) The option is personal to the grantee and is non-assignable.

DIRECTORS' REPORT (Continued)

OPTIONS GRANTED OVER UNISSUED SHARES (Continued)

iii) The exercise price shall be determined by the weighted average market price of the Company's ordinary shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five market days immediately preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher.

iv) The options granted may be exercised at any time within a period of five years from the date the ESOS comes into force or upon the date of expiry or termination of the ESOS as provided in the By-Law, whichever is the earlier.

v) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

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

ii) all current assets have been stated at the lower of cost and net realisable value.

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, or

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

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 May 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT (Continued)

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Guan Kok Beng

Guan Shaw Yin

Penang,
Date: 24 August 2009

CONSOLIDATED BALANCE SHEET

AT 31 MAY 2009

	Note	2009 RM	2008 RM
Assets			
Property, plant and equipment	3	26,557,875	28,272,368
Prepaid lease payments	4	320,967	325,482
Other investments	6	1,783,093	2,300,000
Total non-current assets		28,661,935	30,897,850
Receivables, deposits and prepayments	7	2,289,012	6,163,382
Inventories	8	11,107,037	11,569,955
Current tax assets		342,816	130,241
Cash and cash equivalents	9	30,898,790	26,282,933
Total current assets		44,637,655	44,146,511
Total assets		73,299,590	75,044,361
Equity			
Share capital	10	40,212,500	40,212,500
Reserves	11	26,350,642	26,945,399
Total equity		66,563,142	67,157,899
Liabilities			
Deferred tax liabilities	12	1,929,024	2,100,632
Total non-current liabilities		1,929,024	2,100,632
Payables and accruals	14	4,807,424	5,785,830
Total current liabilities		4,807,424	5,785,830
Total liabilities		6,736,448	7,886,462
Total equity and liabilities		73,299,590	75,044,361

The notes on pages 37 to 65 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2009

	Note	2009 RM	2008 RM
Continuing operations			
Revenue	15	62,796,819	73,775,259
Cost of sales		(54,003,378)	(58,593,471)
Gross profit		8,793,441	15,181,788
Distribution costs		(1,551,900)	(1,682,707)
Administrative expenses		(5,863,088)	(6,847,086)
Other operating expenses		(331,499)	(491,673)
Other operating income		2,889,826	776,231
Profit before tax	16	3,936,780	6,936,553
Tax expense	19	(568,531)	(607,062)
Profit for the year		3,368,249	6,329,491
Basic earnings per ordinary share (sen)	20	8.38	15.75
Diluted earnings per ordinary share (sen)	20	8.38	15.67
Dividends per ordinary share - net (sen)	21	10.00	8.92

The notes on pages 37 to 65 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2009

		←Non-distributable→			Distributable	
	Note	Share capital RM	Share premium RM	Share option reserve RM	Retained earnings RM	Total RM
At 1 June 2007		40,000,000	8,090,232	109,537	15,935,290	64,135,059
Profit for the year		-	-	-	6,329,491	6,329,491
Issuance of new ordinary shares pursuant to ESOS	10	212,500	-	-	-	212,500
Share-based payments	13	-	-	67,804	-	67,804
Transfer from share option reserve for share options exercised and lapsed		-	9,076	(29,142)	20,066	-
Dividends	21	-	-	-	(3,586,955)	(3,586,955)
At 31 May 2008		40,212,500	8,099,308	148,199	18,697,892	67,157,899
Profit for the year		-	-	-	3,368,249	3,368,249
Share-based payments	13	-	-	58,244	-	58,244
Transfer from share option reserve for share options lapsed		-	-	(25,813)	25,813	-
Dividends	21	-	-	-	(4,021,250)	(4,021,250)
At 31 May 2009		40,212,500	8,099,308	180,630	18,070,704	66,563,142

The notes on pages 37 to 65 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2009

	Note	2009 RM	2008 RM
Cash flows from operating activities			
Profit before tax from continuing operations		3,936,780	6,936,553
Adjustments for:			
Depreciation of property, plant and equipment	3	3,052,084	3,358,406
Amortisation of prepaid lease payments	4	4,515	4,515
Gain on disposal of plant and equipment	16	(34,473)	(20,743)
Loss/(Gain) on disposal of other investments	6	92,078	(83,467)
Plant and equipment written off	16	55,300	28,053
Interest income from unit trust funds reinvested	16	(10,492)	(6,337)
Interest income	16	(546,589)	(644,872)
Share-based payments	13	58,244	67,804
Operating profit before changes in working capital		6,607,447	9,639,912
Changes in working capital:			
Receivables, deposits and prepayments		3,874,370	(1,876,271)
Inventories		462,918	179,339
Payables and accruals		(978,406)	(1,429,918)
Cash generated from operations		9,966,329	6,513,062
Tax paid		(952,714)	(1,285,511)
Net cash from operating activities		9,013,615	5,227,551
Cash flows from investing activities			
Acquisition of other investments		(582,295)	(2,200,000)
Proceeds from disposal of other investments	6	1,017,616	1,483,467
Purchase of property, plant and equipment	3	(1,458,217)	(1,494,610)
Proceeds from disposal of plant and equipment		99,799	25,500
Interest received		546,589	651,209
Net cash used in investing activities		(376,508)	(1,534,434)
Cash flows from financing activities			
Dividends paid	21	(4,021,250)	(3,586,955)
Proceeds from shares issued under ESOS		-	212,500
Net cash used in financing activities		(4,021,250)	(3,374,455)
Net increase in cash and cash equivalents		4,615,857	318,662
Cash and cash equivalents at 1 June		26,282,933	25,964,271
Cash and cash equivalents at 31 May	9	30,898,790	26,282,933

The notes on pages 37 to 65 are an integral part of these financial statements.

BALANCE SHEET
AT 31 MAY 2009

	Note	2009 RM	2008 RM
Assets			
Investment in subsidiaries	5	30,649,524	30,591,280
Other investments	6	1,783,093	2,300,000
Amount due from subsidiaries	7	-	14,611,793
Total non-current assets		32,432,617	47,503,073
Receivables, deposits and prepayments	7	7,591,261	315
Current tax assets		110,412	52,865
Cash and cash equivalents	9	12,147,965	4,709,935
Total current assets		19,849,638	4,763,115
Total assets		52,282,255	52,266,188
Equity			
Share capital	10	40,212,500	40,212,500
Reserves	11	11,795,315	11,864,981
Total equity		52,007,815	52,077,481
Liabilities			
Payables and accruals	14	274,440	188,707
Total current liabilities		274,440	188,707
Total equity and liabilities		52,282,255	52,266,188

The notes on pages 37 to 65 are an integral part of these financial statements.

INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2009

	Note	2009 RM	2008 RM
Continuing operations			
Revenue	15	5,560,394	4,543,154
Administrative expenses		(407,642)	(356,072)
Other operating expenses		(93,320)	(1,002)
Other operating income		183,392	194,336
Profit before tax	16	5,242,824	4,380,416
Tax expense	19	(1,349,484)	-
Profit for the year		3,893,340	4,380,416
Dividends per ordinary share - net (sen)	21	10.00	8.92

The notes on pages 37 to 65 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2009

	Note	Share capital RM	←Non-distributable→ Share premium RM	Share option reserve RM	Distributable Retained earnings RM	Total RM
At 1 June 2007		40,000,000	8,090,232	109,537	2,803,947	51,003,716
Profit for the year		-	-	-	4,380,416	4,380,416
Share-based payments	13	-	-	67,804	-	67,804
Issuance of new ordinary shares pursuant to ESOS	10	212,500	-	-	-	212,500
Transfer from share option reserve for share options exercised and lapsed		-	9,076	(29,142)	20,066	-
Dividends	21	-	-	-	(3,586,955)	(3,586,955)
At 31 May 2008		40,212,500	8,099,308	148,199	3,617,474	52,077,481
Profit for the year		-	-	-	3,893,340	3,893,340
Share-based payments	13	-	-	58,244	-	58,244
Transfer from share option reserve for share options lapsed		-	-	(25,813)	25,813	-
Dividends	21	-	-	-	(4,021,250)	(4,021,250)
At 31 May 2009		40,212,500	8,099,308	180,630	3,515,377	52,007,815

The notes on pages 37 to 65 are an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2009

	Note	2009 RM	2008 RM
Cash flows from operating activities			
Profit before tax from continuing operations		5,242,824	4,380,416
Adjustments for:			
Dividend income	16	(5,560,394)	(4,543,154)
Interest income	16	(172,880)	(104,463)
Loss/(Gain) on disposal of other investments	6	92,078	(83,467)
Interest income from unit trust fund reinvested	16	(10,492)	(6,337)
Operating loss before changes in working capital		(408,864)	(357,005)
Changes in working capital:			
Receivables, deposits and prepayments		(19,685)	(315)
Payables and accruals		85,733	8,507
Cash used in operations		(342,816)	(348,813)
Dividends received		4,170,296	4,543,154
Tax (paid)/refunded		(16,933)	30,177
Net cash from operating activities		3,810,547	4,224,518
Cash flows from investing activities			
Interest received		172,880	110,800
Acquisition of other investments		(582,295)	(2,200,000)
Proceeds from disposal of other investments	6	1,017,616	1,483,467
Net cash generated from/(used in) investing activities		608,201	(605,733)
Cash flows from financing activities			
Repayment of amount due from subsidiaries		7,040,532	2,284,938
Dividends paid	21	(4,021,250)	(3,586,955)
Proceeds from shares issued under ESOS		-	212,500
Net cash generated from/(used in) financing activities		3,019,282	(1,089,517)
Net increase in cash and cash equivalents		7,438,030	2,529,268
Cash and cash equivalents at 1 June		4,709,935	2,180,667
Cash and cash equivalents at 31 May	9	12,147,965	4,709,935

The notes on pages 37 to 65 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Eurospan Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office	Principal place of business
35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang.	1168, Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan, 13800 Butterworth, Penang.

The consolidated financial statements as at and for the year ended 31 May 2009 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in the provision of management services and that of an investment holding while the other Group entities are primarily involved in the manufacture and trading of furniture and wood-based products and investment holding.

The financial statements were approved by the Board of Directors on 24 August 2009.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective :

FRSs/Interpretations	Effective date
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 123, Borrowing Costs	1 January 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 June 2010 except for FRS 4, IC Interpretations 11, 13 and 14 which are not applicable to the Group and the Company.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

The initial application of the others standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy except as follows:

FRS 8, Operating Segments

FRS 8 will become effective for financial statements of the Group for the year ending 31 May 2011. FRS 8, which replaces FRS 114_{2004}, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 25). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM unless otherwise stated.

(d) Use of 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting except for Eurospan Furniture Sdn. Bhd. (business combination prior to 1 January 2006) which is accounted for using the pooling-of-interests method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components with Group equity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the purchase method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. 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 reserves.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

Buildings	2%
Plant, machinery and factory equipment	10% and 20%
Furniture, fittings, renovation and office equipment	10%
Motor vehicles	10% and 20%

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Lease assets

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

(f) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investments in equity securities (Continued)

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

a) the recognition of an asset on the day it is received by the entity, and

b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(g) Impairment of assets

The carrying amounts of assets except for inventories and financial assets (other than investment in subsidiaries) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful life, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, 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.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks, highly liquid investments and short term funds with maturity of less than three months which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(m) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(o) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(p) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

The Group's contributions to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Tax expense (Continued)

i) the initial recognition of goodwill,

ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax 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 balance sheet date.

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

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when it is utilised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per ordinary share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(t) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Freehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings, renovation and office equipment RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
Cost							
At 1 June 2007	4,837,499	13,435,869	32,626,545	2,515,862	2,704,788	820,400	56,940,963
Additions	-	389,337	550,050	209,223	346,000	-	1,494,610
Disposals	-	-	(140,640)	-	(81,159)	-	(221,799)
Write-off	-	-	-	(300,659)	-	-	(300,659)
Reclassification	-	-	820,400	-	-	(820,400)	-
At 31 May 2008 /1 June 2008	4,837,499	13,825,206	33,856,355	2,424,426	2,969,629	-	57,913,115
Additions	-	-	343,905	97,815	169,257	847,240	1,458,217
Disposals	-	-	(259,152)	(7,688)	(449,428)	-	(716,268)
Write-off	-	-	(350,770)	(156,805)	(1,553)	-	(509,128)
At 31 May 2009	4,837,499	13,825,206	33,590,338	2,357,748	2,687,905	847,240	58,145,936

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. PROPERTY, PLANT AND EQUIPMENT - GROUP (Continued)

	Freehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings, renovation and office equipment RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
Accumulated depreciation							
At 1 June 2007	-	2,383,378	21,502,896	1,626,726	1,258,989	-	26,771,989
Charge for the year	-	272,087	2,630,920	207,713	247,686	-	3,358,406
Disposals	-	-	(135,883)	-	(81,159)	-	(217,042)
Write-off	-	-	-	(272,606)	-	-	(272,606)
At 31 May 2008 /1 June 2008	-	2,655,465	23,997,933	1,561,833	1,425,516	-	29,640,747
Charge for the year	-	276,504	2,351,400	187,490	236,690	-	3,052,084
Disposals	-	-	(259,152)	(5,871)	(385,919)	-	(650,942)
Write-off	-	-	(314,039)	(138,236)	(1,553)	-	(453,828)
At 31 May 2009	-	2,931,969	25,776,142	1,605,216	1,274,734	-	31,588,061
Carrying amounts							
At 1 June 2007	4,837,499	11,052,491	11,123,649	889,136	1,445,799	820,400	30,168,974
At 31 May 2008 /1 June 2008	4,837,499	11,169,741	9,858,422	862,593	1,544,113	-	28,272,368
At 31 May 2009	4,837,499	10,893,237	7,814,196	752,532	1,413,171	847,240	26,557,875

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PREPAID LEASE PAYMENTS

	Unexpired period more than 50 years RM
Group	
Cost	
At 1 June 2007 / 31 May 2008 / 1 June 2008 / 31 May 2009	383,733
Amortisation	
At 1 June 2007	53,736
Amortisation for the year	4,515
At 31 May 2008 /1 June 2008	58,251
Amortisation for the year	4,515
At 31 May 2009	62,766
Carrying amounts	
At 1 June 2007	329,997
At 31 May 2008 /1 June 2008	325,482
At 31 May 2009	320,967

5. INVESTMENT IN SUBSIDIARIES - COMPANY

	2009 RM	2008 RM
Unquoted shares, at cost	30,413,939	30,413,939
Add : Share-based payments allocated to subsidiaries	235,585	177,341
	30,649,524	30,591,280

Details of the subsidiaries are as follows:

Name of subsidiary	Effective ownership interest 2009 %	Effective ownership interest 2008 %	Principal Activities
Eurospan Furniture Sdn. Bhd.	100	100	Manufacture and trading of furniture and wood-based products
Dynaspan Furniture Sdn. Bhd.	100	100	Manufacture of furniture and wood-based products
Euroswood Furniture Sdn. Bhd.	100	100	Investment holding
Dynaword Sdn. Bhd.	100	100	Investment holding

All the above subsidiaries are incorporated in Malaysia and audited by KPMG.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER INVESTMENTS

	Group and Company 2009 RM	2008 RM
At cost		
Unit trust funds	883,093	1,900,000
Structured investment products - unquoted	900,000	400,000
	1,783,093	2,300,000
Market value		
Unit trust funds	887,000	1,916,000

Details of other investments disposed during the year are as follows:

	Group and Company 2009 RM	2008 RM
Proceeds from disposal	1,017,616	1,483,467
Carrying amount of other investments disposed	(1,109,694)	(1,400,000)
(Loss)/Gain from disposal of other investments	(92,078)	83,467

7. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current					
Trade					
Trade receivables	7.1	1,868,764	4,358,205	-	-
Non-trade					
Amount due from subsidiaries	7.2	-	-	7,571,261	-
Other receivables		230	925,204	-	315
Deposits		119,603	259,839	20,000	-
Prepayments		300,415	620,134	-	-
		420,248	1,805,177	7,591,261	315
		2,289,012	6,163,382	7,591,261	315
Non-current					
Amount due from Subsidiaries	7.3	-	-	-	14,611,793

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

7.1 *Analysis of foreign currency exposure for significant receivables*

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	2009 RM	2008 RM
RM	US Dollars	1,215,455	4,346,176

7.2 *Amount due from subsidiaries*

The non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

7.3 *Amount due from subsidiaries*

The non-current amount due from subsidiaries was non-trade in nature, unsecured, interest-free and was not repayable within the next twelve months except in so far as such repayment by the subsidiaries will not adversely affect the ability of the respective subsidiaries to meet their liabilities when due.

8. INVENTORIES - GROUP

	2009 RM	2008 RM
At cost		
Raw materials	5,641,014	5,511,859
Work-in-progress	4,500,343	4,107,528
Manufactured inventories	965,680	1,950,568
	11,107,037	11,569,955

9. CASH AND CASH EQUIVALENTS

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Short term funds	9.1	6,027,643	7,306,891	5,991,253	4,406,337
Deposits with licensed banks		22,991,651	8,831,002	6,100,000	-
Cash and bank balances		1,879,496	10,145,040	56,712	303,598
	9.2	30,898,790	26,282,933	12,147,965	4,709,935

9.1 *Short term funds*

Short term funds represent investment in fixed income trusts and money market which can be redeemed within a period of less than 30 days.

9.2 *Analysis of foreign currency exposure for significant cash and cash equivalents*

Significant cash and cash equivalents outstanding at year end that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	2009 RM	2008 RM
RM	USD	994,718	3,992,882
RM	Euro	2,937	2,937

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. SHARE CAPITAL - GROUP AND COMPANY

	2009		2008	
	RM	Number of shares	RM	Number of shares
Authorised:				
Ordinary shares of RM1 each	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of RM1 each				
Balance at 1 June	40,212,500	40,212,500	40,000,000	40,000,000
Issued under ESOS, for cash at RM1 per share	-	-	212,500	212,500
Balance at 31 May	40,212,500	40,212,500	40,212,500	40,212,500

11. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable				
Share premium	8,099,308	8,099,308	8,099,308	8,099,308
Share option reserve	180,630	148,199	180,630	148,199
	8,279,938	8,247,507	8,279,938	8,247,507
Distributable				
Retained earnings	18,070,704	18,697,892	3,515,377	3,617,474
	26,350,642	26,945,399	11,795,315	11,864,981

The share premium account 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.

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

12. DEFERRED TAX LIABILITIES

The recognised deferred tax liabilities are as follows:

	Group	
	2009 RM	2008 RM
Property, plant and equipment - capital allowances	2,068,393	2,279,170
Provision	(139,369)	(178,538)
	1,929,024	2,100,632

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. DEFERRED TAX LIABILITIES (Continued)

The component and movement of deferred tax liabilities during the year are as follows:

	At 1 June 2007 RM	Recognised in the income statement (Note 19) RM	At 31 May 2008 RM	Recognised in the income statement (Note 19) RM	At 31 May 2009 RM
Property, Plant and equipment					
- Capital allowances	2,576,237	(297,067)	2,279,170	(210,777)	2,068,393
Provision	(278,781)	100,243	(178,538)	39,169	(139,369)
	2,297,456	(196,824)	2,100,632	(171,608)	1,929,024

13. SHARE-BASED PAYMENTS - GROUP AND COMPANY

The Group offers share options over ordinary shares to Directors and other employees with more than 1 year of service for Employee Share Option Scheme ("ESOS"). The contractual life of ESOS is 5 years commencing from 30 December 2004.

Details of grants are as follows:

Grant date	Number of options
24 January 2005	4,508,000
9 February 2005	6,000
10 April 2005	50,000
10 May 2005	65,000
10 July 2005	76,000
10 August 2005	26,000
10 October 2005	26,000
10 November 2005	45,000
10 December 2005	54,000
10 January 2006	152,000
10 February 2006	38,000
10 March 2006	41,000
10 April 2006	12,000
10 May 2006	24,000
10 June 2006	73,000
10 August 2006	74,000
10 September 2006	71,000
10 October 2006	6,000
10 November 2006	33,000
10 January 2007	71,000
10 February 2007	51,000
10 March 2007	44,000
10 April 2007	16,000
10 May 2007	44,000
10 June 2007	28,000
10 July 2007	12,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. SHARE-BASED PAYMENTS - GROUP AND COMPANY (Continued)

Grant date	Number of options
10 August 2007	18,000
10 September 2007	36,000
10 October 2007	12,000
10 November 2007	36,000
10 December 2007	33,000
10 January 2008	62,000
10 February 2008	38,000
10 March 2008	64,000
10 April 2008	52,000
10 May 2008	86,000
10 June 2008	120,000
10 July 2008	61,000
10 October 2008	6,000
10 November 2008	9,000
10 December 2008	46,000

The number and weighted average exercise prices of share options are as follows:

	2009		2008	
	Weighted average exercise price RM	Number of options	Weighted average exercise price RM	Number of options
Outstanding at 1 June	1.00	3,783,000	1.00	4,916,000
Granted during the year	1.00	242,000	1.00	477,000
Lapsed due to resignation	1.00	(403,500)	1.00	(1,397,500)
Options exercised	-	-	1.00	(212,500)
Outstanding at 31 May	1.00	3,621,500	1.00	3,783,000
Exercisable at 31 May		3,621,500		3,275,750

The options outstanding at 31 May 2009 have an exercise price of RM1.00 and a weighted contractual life of 0.58 year.

No share options were exercised during the financial year ended 31 May 2009.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. SHARE-BASED PAYMENTS - GROUP AND COMPANY (Continued)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

Grant Date	Vesting conditions	Fair value at grant date	Weighted average share price	Exercise price	Expected volatility (weighted average volatility) %	Option life (expected weighted average life)	Expected dividends %	Risk-free interest rate (based on Malaysian government bonds) %
24 January 2005	On grant date, 25% of	0.08	0.73	1.00	35.96	4.92	3.00	3.56
9 February 2005	the options granted	0.08	0.70	1.00	35.96	4.92	3.00	3.59
10 April 2005	vest immediately	0.11	0.82	1.00	35.96	4.75	3.00	3.61
10 May 2005	followed by 25% for	0.09	0.76	1.00	35.96	4.67	3.00	3.48
10 July 2005	each of the	0.08	0.74	1.00	35.96	4.50	5.76	3.28
10 August 2005	subsequent years	0.09	0.76	1.00	35.96	4.42	5.76	3.30
10 October 2005		0.08	0.75	1.00	35.96	4.25	5.76	3.31
10 November 2005		0.09	0.76	1.00	35.96	4.17	5.76	3.53
10 December 2005		0.07	0.70	1.00	35.96	4.08	5.76	3.59
10 January 2006		0.07	0.70	1.00	35.96	4.00	5.76	3.58
10 February 2006		0.08	0.74	1.00	35.96	3.92	5.76	3.71
10 March 2006		0.07	0.71	1.00	35.96	3.83	5.76	3.63
10 April 2006		0.08	0.72	1.00	35.96	3.75	5.76	3.76
10 May 2006		0.08	0.74	1.00	35.96	3.67	5.76	4.20
10 June 2006		0.07	0.68	1.00	35.96	3.58	5.76	4.45
10 August 2006		0.12	0.82	1.00	35.96	3.42	5.76	4.12
10 September 2006		0.15	0.88	1.00	34.97	3.33	5.76	3.92
10 October 2006		0.14	0.87	1.00	34.97	3.25	5.76	3.86
10 November 2006		0.18	0.96	1.00	34.97	3.17	5.76	3.67

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. SHARE-BASED PAYMENTS - GROUP AND COMPANY (Continued)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

Grant Date	Vesting conditions	Fair value at grant date	Weighted average share price	Exercise price	Expected volatility (weighted average volatility) %	Option life (expected weighted average life)	Expected dividends %	Risk-free interest rate (based on Malaysian government bonds) %
10 January 2007	On grant date, 25% of	0.18	0.96	1.00	34.49	2.97	5.76	3.61
10 February 2007	the options granted	0.19	1.00	1.00	34.49	2.88	5.76	3.64
10 March 2007	vest immediately	0.16	0.94	1.00	34.56	2.82	5.76	3.56
10 April 2007	followed by 25% for	0.15	0.92	1.00	34.56	2.72	5.76	3.41
10 May 2007	the subsequent year	0.20	1.03	1.00	34.56	2.64	5.76	3.22
10 June 2007	and the remaining on	0.20	1.01	1.00	35.11	2.56	4.32	3.56
10 July 2007	30 December 2008	0.26	1.11	1.00	35.11	2.47	4.32	3.38
10 August 2007		0.25	1.11	1.00	35.11	2.39	4.32	3.39
10 September 2007		0.22	1.05	1.00	34.82	2.30	4.32	3.45
10 October 2007		0.25	1.10	1.00	34.82	2.22	4.32	3.48
10 November 2007		0.27	1.19	1.07	34.82	2.14	4.32	3.47
10 December 2007		0.21	1.07	1.00	34.85	2.05	4.32	3.56
10 January 2008		0.22	1.09	1.00	34.85	1.97	4.32	3.44
10 February 2008		0.17	1.01	1.00	34.85	1.88	4.32	3.31
10 March 2008		0.11	0.90	1.00	34.61	1.81	4.32	3.40
10 April 2008		0.11	0.91	1.00	34.61	1.72	4.32	3.38
10 May 2008		0.11	0.91	1.00	34.61	1.64	4.32	3.41
10 June 2008		0.11	0.91	1.00	34.61	1.50	4.32	3.41
10 July 2008		0.11	0.89	1.00	34.61	1.42	4.32	3.41
10 October 2008		0.11	0.80	1.00	34.61	1.17	4.32	3.41
10 November 2008		0.11	0.79	1.00	34.61	1.08	4.32	3.41
10 December 2008		0.11	0.76	1.00	34.61	1.00	4.32	3.41

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. SHARE-BASED PAYMENTS - GROUP AND COMPANY (Continued)

Employee expenses

	2009 RM	2008 RM
Share options granted in 2005	-	7,568
Share options granted in 2006	483	2,856
Share options granted in 2007	3,879	15,457
Share options granted in 2008	29,242	41,923
Share options granted in 2009	24,640	-
Total expense recognised as share-based payments	58,244	67,804

14. PAYABLES AND ACCRUALS

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Trade					
Trade payables	14.1	3,120,555	3,500,389	-	-
Non-trade					
Other payables	14.2	543,764	787,437	200	-
Accrued expenses		1,143,105	1,498,004	274,240	188,707
		1,686,869	2,285,441	274,440	188,707
		4,807,424	5,785,830	274,440	188,707

14.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currency of the Group entities are as follows:

Functional currency	Foreign currency	2009 RM	2008 RM
RM	USD	98,537	-

14.2 Other payables

Included in other payables of the Group and the Company is an amount of RM1,400 (2008 : Nil) and RM200 (2008 : Nil) respectively payable to its substantial shareholders, in which the Directors have substantial financial interests.

15. REVENUE

Group

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

Company

Revenue represents dividend income received.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PROFIT BEFORE TAX

Profit before tax is arrived at:

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
After charging:				
Auditors' remuneration:				
- Statutory audit by KPMG				
- Current year	40,000	40,000	11,000	11,000
- Prior year	-	5,000	-	1,000
- Other services by KPMG				
- Current year	1,000	16,020	200	4,500
- Prior years	11,200	-	9,000	-
Depreciation of property, plant and equipment (Note 3)	3,052,084	3,358,406	-	-
Amortisation of prepaid lease payments (Note 4)	4,515	4,515	-	-
Plant and equipment written off	55,300	28,053	-	-
Directors of the Company				
- fees	330,000	239,167	240,000	154,167
- others	834,818	1,274,789	23,244	23,180
Other Directors				
- fees	61,250	45,000	-	-
- others	453,195	491,640	-	-
Research and development expenditure	767,984	901,112	-	-
Loss on foreign exchange (net)				
- realised	-	276,256	-	-
- unrealised	262	-	-	-
Loss on disposal of other investments	92,078	-	92,078	-
and crediting:				
Dividend income from subsidiaries (unquoted)	-	-	5,560,394	4,543,154
Gain on disposal of plant and equipment	34,473	20,743	-	-
Gain on disposal of other investments	-	83,467	-	83,467
Interest income	546,589	644,872	172,880	104,463
Interest income from unit trust funds	10,492	6,337	10,492	6,337
Gain on foreign exchange (net)				
- realised	2,308,742	-	-	-
- unrealised	-	23,026	-	-

The estimated monetary value of benefits receivable by executive Directors of the Group other than in cash amounted to RM64,560 (2008 : RM85,602).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company				
- Fees	330,000	239,167	240,000	154,167
- Remuneration	834,818	1,274,789	23,244	23,180
Other Directors				
- Fees	61,250	45,000	-	-
- Remuneration	453,195	491,640	-	-
Total short-term employee benefits	1,679,263	2,050,596	263,244	177,347

There are no other key management personnel apart from the Directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

18. EMPLOYEE INFORMATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Personnel expenses (excluding key management personnel)	10,939,406	12,517,856	-	-

18.1 Personnel expenses of the Group include contributions to the Employees' Provident Fund of RM838,496 (2008 : RM908,177).

18.2 Personnel expenses of the Group include share-based payments of RM58,244 (2008 : RM67,804).

19. TAX EXPENSE

Recognised in the income statements

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax expense				
- Current year	740,888	784,258	1,323,299	-
- Prior years	(749)	19,628	26,185	-
Total current tax	740,139	803,886	1,349,484	-
Deferred tax expense				
- Current year	(171,178)	(198,621)	-	-
- Prior year	(430)	1,797	-	-
Total deferred tax	(171,608)	(196,824)	-	-
Total tax expense	568,531	607,062	1,349,484	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. TAX EXPENSE (Continued)

Recognised in the income statements (Continued)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit for the year	3,368,249	6,329,491	3,893,340	4,380,416
Total tax expense	568,531	607,062	1,349,484	-
Profit excluding tax	3,936,780	6,936,553	5,242,824	4,380,416
Tax at Malaysian tax rates of 25% (2008 : 26%)	984,195	1,803,504	1,310,706	1,138,908
Effect of lower tax rates for certain subsidiaries*	-	(59,786)	-	-
Effect of different tax rates**	-	(86,947)	-	-
Non-deductible expenses	101,935	129,582	52,990	42,229
Tax exempt income	(61,705)	(40,083)	(40,397)	(1,181,220)
Tax incentives	(478,033)	(1,163,330)	-	-
Others	23,318	2,697	-	83
	569,710	585,637	1,323,299	-
Under/(Over) provision in prior years	(1,179)	21,425	26,185	-
	568,531	607,062	1,349,484	-

* With effect from year of assessment 2004 to 2008, companies with paid up capital of RM2.5 million and below at beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000. With effect from year of assessment 2009, the companies no longer enjoy the preferential tax rate.

** The corporate tax rates are at 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

20. BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM3,368,249 (2008 : RM6,329,491) and a weighted average number of ordinary shares outstanding during the financial year of 40,212,500 (2008 : 40,191,042).

	2009	2008
Issued ordinary shares at 1 June	40,212,500	40,000,000
Effect of shares issued during the year	-	191,042
Weighted average number of ordinary shares at 31 May	40,212,500	40,191,042

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. BASIC EARNINGS PER ORDINARY SHARE (Continued)

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM3,368,249 (2008 : RM6,329,491) and a weighted average number of ordinary shares outstanding during the year as calculated below:

	2009	**2008**
Weighted average number of ordinary shares at 31 May	40,212,500	40,191,042
Dilution impact of unexercised share options	(895,964)	197,218
Weighted average number of ordinary shares (diluted) at 31 May	39,316,536	40,388,260

The fully diluted earnings per ordinary share for the financial year ended 31 May 2009 is the same as the basic earnings per ordinary share as the effect of anti-dilutive potential ordinary shares is ignored in calculating diluted earnings per ordinary share in accordance with FRS 133, Earnings per share.

21. DIVIDENDS - GROUP AND COMPANY

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	**Total amount RM**	**Date of payment**
2009			
Interim 2009 ordinary	3.00	1,206,375	5 March 2009
Final 2008 ordinary	7.00	2,814,875	5 December 2008
		4,021,250	
2008			
Interim 2008 ordinary	3.00	1,206,375	17 March 2008
Final 2007 ordinary	5.92	2,380,580	6 December 2007
		3,586,955	

After the balance sheet date, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share (net of tax) RM	**Total amount RM**
Final ordinary	8.00	3,217,000

22. CONTINGENT LIABILITY, UNSECURED - COMPANY

	2009 RM	**2008 RM**
Corporate guarantees issued to licensed banks for banking facilities granted to subsidiaries	18,650,000	21,200,000

23. CAPITAL COMMITMENT - GROUP

	2009 RM	**2008 RM**
Plant and equipment - contracted but not provided for	127,000	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RELATED PARTIES

24.1 For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related parties include the following:

i) The Company has a controlling related party relationship with its subsidiaries as disclosed in Note 5.

ii) The Company has a controlling related party relationship with its substantial shareholder, TBHL Holdings Sdn. Bhd. in which Messrs. Guan Kok Beng, Guan Kim Heng and Guan Kim Loong have substantial financial interests.

iii) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

24.2 Significant transactions with related parties

There were no significant transactions with related parties during the financial year other than the following:

i) Remuneration package paid to the Directors and key management personnel in accordance with the terms and conditions of their appointment.

ii) Share options granted to Directors and key management personnel.

iii) Dividend paid to TBHL Holdings Sdn. Bhd.

25. SEGMENT REPORTING - GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and related revenue, loans, borrowings and related expenses, corporate assets and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Business segments

The Group is principally engaged in the manufacturing and trading of furniture and wood-based products. Business segment information has therefore not been prepared as the Group's revenue, operating profit, assets employed, capital expenditure, depreciation and amortisation and non-cash expenses are mainly confined to one business segment.

Geographical segments

The business segment is managed in one principal geographical area namely Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. SEGMENT REPORTING - GROUP (Continued)

	Malaysia RM	Asia RM	Europe RM	America RM	Others RM	Consolidated RM
2009						
Revenue from external customers by location of customers	27,841	12,825,400	33,806,414	7,918,544	8,218,620	62,796,819
Segment assets by location of assets	72,956,774	-	-	-	-	72,956,774
Capital expenditure by location of assets	1,458,217	-	-	-	-	1,458,217
2008						
Revenue from external customers by location of customers	45,854	9,123,405	41,614,176	13,453,096	9,538,728	73,775,259
Segment assets by location of assets	74,914,120	-	-	-	-	74,914,120
Capital expenditure by location of assets	1,494,610	-	-	-	-	1,494,610

26. FINANCIAL INSTRUMENTS

Financial risk management and objectives

Exposure to credit, interest rate, currency risk and liquidity risk arises in the normal course of the Group's business. Deriative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates.

Credit risk

Exposure to credit risk is monitored on an ongoing basis.

The Group and the Company have no significant concentrations of credit risk at the balance sheet date other than amount due from subsidiaries (Note 7). The maximum exposure to credit risk for the Group and for the Company is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group does not incur any interest bearing debts. Therefore, its exposure to interest rate risk is minimal.

The investments in financial assets are mainly short term in nature and are mostly placed in fixed deposits or occasionally, in short term deposits and short term funds which yield better returns than cash at bank.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

The Group incurs foreign currency risk mainly on sales which are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollars ("USD") and Euro Dollars ("Euro").

The Group hedges at least 80 percent of its trade receivables denominated in foreign currency. At any point in time, the Group also hedges 80 percent of their estimated foreign currency exposure in respect of forecast sales over the following six months. Where necessary, the forward exchange contracts are rolled over at maturity at market rates.

Liquidity risk

The Group manages its liquidity risk by adopting a prudent approach to credit risk and cash flow management. The Group maintains a sufficient level of cash to meet its working capital requirements. It also has banking facilities available for its contingent funding requirement for working capital purposes.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates its effective interest rate at the balance sheet date and the periods in which it reprices or matures, whichever is earlier.

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM
Group				
2009				
Financial assets				
Short term funds	2.19	6,027,643	6,027,643	-
Deposits with licensed banks	1.72	22,991,651	22,991,651	-
2008				
Financial assets				
Short term funds	2.26	7,306,891	7,306,891	-
Deposits with licensed banks	2.77	8,831,002	8,831,002	-
Company				
2009				
Financial assets				
Short term funds	2.19	5,991,253	5,991,253	-
Deposits with licensed banks	2.27	6,100,000	6,100,000	-
2008				
Financial assets				
Short term funds	1.77	4,406,337	4,406,337	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. FINANCIAL INSTRUMENTS (Continued)

Fair values

Recognised financial instruments

The carrying amount of cash and cash equivalents, receivables and payables, approximate fair value due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the subsidiaries have yet to utilise the credit facilities granted.

The fair value of amount due from subsidiaries has not been determined as the timing of the expected cash flows of this balance cannot be reasonably determined due principally to a lack of fixed repayment terms entered into by the parties involved.

Unrecognised financial instruments

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 May are as follows:

	2009		2008	
	Contracted value RM'000	Fair value RM'000	Contracted value RM'000	Fair value RM'000
Forward exchange to sell US Dollars	8,031	7,678	15,420	15,576

The fair value of the above forward exchange contracts is based on foreign currency contracts translated at spot rates at year end. All the above foreign exchange contracts will mature within a year.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

	Group		Company	
	As restated RM	As previously reported RM	As restated RM	As previously reported RM
Balance sheets				
Other investments	2,300,000	6,706,337	2,300,000	6,706,337
Cash and cash equivalents	26,282,933	21,876,596	4,709,935	303,598
Income statements				
Revenue	73,775,259	73,781,596	4,543,154	4,549,491
Cost of sales	58,593,471	59,052,965	-	-
Administrative expenses	6,847,086	6,387,592	-	-
Other operating expenses	491,673	470,930	-	-
Other operating income	776,231	749,151	194,336	187,999
Cash flow statements				
Cash flow from investing activities				
Interest received	651,209	644,872	110,800	104,463
Acquisition of other investments	(2,200,000)	(6,600,000)	(2,200,000)	(6,600,000)
Cash and cash equivalents at 1 June	26,282,933	21,876,596	4,709,935	303,598

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. COMPARATIVE FIGURES (Continued)

The above reclassifications were mainly in respect of the following:

i) investment in money market that were reclassified from long term investments to short term funds as shown under cash and cash equivalents in Note 9 to the financial statements. Consequently, the related return on such investment has been reclassified from revenue to other operating income.

ii) certain expenses from cost of sales to administrative expenses, other operating expenses and other operating income.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 29 to 65, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 May 2009 and of their financial performance and cash flows for the year then ended.

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

Guan Kok Beng

Guan Shaw Yin

Penang,
Date: 24 August 2009

STATUTORY DECLARATION

I, **Moy Ean Chung**, 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 29 to 65 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 Georgetown in the State of Penang on 24 August 2009.

Moy Ean Chung

Before me:

Cheah Beng Sun
DJN, AMN, PKT, PJK, PJM, PK
(No. P103)
Commissioner for Oaths

Penang

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF EUROSPAN HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Eurospan Holdings Berhad, which comprise the balance sheets as at 31 May 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 65.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Continued)
OF EUROSPAN HOLDINGS BERHAD

OTHER MATTERS

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

KPMG
AF 0758
Chartered Accountants

Lee Kean Teong
1857/02/10 (J)
Chartered Accountant

Penang
Date: 24 August 2009

ANALYSIS OF SHAREHOLDINGS

1. Authorised Share Capital : RM50,000,000.00
   Issued and Paid-up Share Capital : RM40,212,500.00
   Class of shares : Ordinary shares of RM1.00 each
   Voting Right : 1 vote per share

2. ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2009

Size of shareholdings	No. of shareholders	% of total shareholders	No. of shares	% of total issued capital
Less than 100	5	0.25	200	0.00
100 to 1,000	1,021	51.88	1,009,300	2.51
1,001 to 10,000	752	38.21	3,148,300	7.83
10,001 to 100,000	157	7.98	4,687,700	11.66
100,001 to less than 5% of issued shares	31	1.58	12,855,800	31.97
5% and above of issued shares	2	0.10	18,511,200	46.03
TOTAL	1,968	100.00	40,212,500	100.00

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 2 SEPTEMBER 2009

	Name	No. of shares	% of total issued capital
1.	TBHL Holdings Sdn. Bhd.	12,141,594	30.19
2.	TBHL Holdings Sdn. Bhd.	6,369,606	15.84
3.	Guan Kok Beng	1,843,300	4.58
4.	Guan Kok Beng	1,451,624	3.61
5.	Guan Kim Heng	1,084,036	2.70
6.	Koperasi Pegawai-Pegawai Melayu Malaysia Berhad	958,500	2.38
7.	Fong Ting Wong	933,000	2.32
8.	Guan Kim Loong	742,576	1.85
9.	Ting Hon Sum	660,764	1.64
10.	Stable Level Sdn. Bhd.	498,000	1.24
11.	Guan Kok Beng	460,000	1.14
12.	Ooi Pey Wong	401,800	1.00
13.	Yeoh Kean Hua	380,000	0.94
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account For Ng Ah Chai)*	379,800	0.94
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account For Koek Tiang Kung)*	300,800	0.75
16.	Yong Ping	234,000	0.58
17.	Hong Siew Siew	200,000	0.50
18.	Cheng Mei Fung @ Chirn Mei Fung	195,200	0.49
19.	Leong Shang Ming	185,000	0.46
20.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank For Ng Ah Chai)*	181,700	0.45
21.	Chan Beng Teik	179,000	0.45
22.	Lim Yoke Lin	161,000	0.40

ANALYSIS OF SHAREHOLDINGS (Continued)

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 2 SEPTEMBER 2009 (Continued)

Name	No. of shares	% of total issued capital
23. Mayban Nominees (Tempatan) Sdn Bhd *(Mayban Trustees Berhad For Pheim Asia Ex-Japan Islamic Fund)*	158,200	0.39
24. Saw Hai Earn	150,000	0.37
25. Mayban Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account For Ong Kok Thye)*	148,000	0.37
26. Lim Chun Thang	148,000	0.37
27. Oh Ee Hong	142,000	0.35
28. Ong Ju Seng	129,000	0.32
29. Chuah Tiong Hock @ Chua Teong Choo	125,400	0.31
30. Syarikat Lean Hong Chan Sdn. Bhd.	120,000	0.30

4. SUBSTANTIAL SHAREHOLDERS AS AT 2 SEPTEMBER 2009

	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	46.03	-	-
2. Guan Kok Beng	3,754,924	9.33	*18,511,200	46.03
3. Guan Kim Heng	1,113,036	2.77	*18,511,200	46.03
4. Guan Kim Loong	838,576	2.09	*18,511,200	46.03

* Deemed interest by virtue of their substantial shareholdings in TBHL Holdings Sdn. Bhd.

5. INTEREST OF DIRECTORS AS AT 2 SEPTEMBER 2009

a) Interest in shares of the Company

	Direct Interest		Deemed Interest	
Name	No. of shares held	% of total issued capital	No. of shares held	% of total issued capital
Guan Kok Beng	3,754,924	9.33	*18,511,200	46.03
Guan Kim Heng	1,113,036	2.77	*18,511,200	46.03
Guan Kim Loong	838,576	2.09	*18,511,200	46.03
Dato' Noor Ahmad Mokhtar bin Haniff	-	-	-	-
Diong Chin Teck	15,000	0.04	-	-
Guan Shaw Kee	-	-	-	-
Guan Shaw Yin	-	-	**14,000	0.03

Note:

* Deemed interest by virtue of their substantial shareholdings in TBHL Holdings Sdn. Bhd.

** Interest held by spouse treated as interest of directors in accordance with Section 134(12)(c) of the Companies Act, 1965

ANALYSIS OF SHAREHOLDINGS (Continued)

5. INTEREST OF DIRECTORS AS AT 2 SEPTEMBER 2009 (Continued)

b) Interest in shares of related corporations

By virtue of their interests of not less than 15% in the shares of the Company, Messrs Guan Kok Beng, Guan Kim Heng and Guan Kim Loong are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest as at 2 September 2009.

None of the other directors have any interest in the shares of related corporations as at 2 September 2009.

c) Share options granted under the Employees' Share Option Scheme ("ESOS") of the Company

Name	Number of options over ordinary shares of RM1.00 each	Option Price RM
Guan Kok Beng	600,000	1.00
Guan Kim Heng	-	-
Guan Kim Loong	-	-
Dato' Noor Ahmad Mokhtar bin Haniff	-	-
Diong Chin Teck	-	-
Guan Shaw Kee	30,000	1.00
Guan Shaw Yin	23,000	1.00

LIST OF PROPERTIES OF THE GROUP
AS AT 31 MAY 2009

	Address/Location	Date of acquisition	Description	Use	Tenure	Approximate age of building	Total land area / approximate built up area (sq.ft.)	Net book value RM
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	11.5 years	62,140/ 62,600	4,044,690
2	1169 Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan, 13800 Butterworth	7-11-1992	1 storey factory	Factory	Freehold	*16.5 years	69,589 / 40,947	1,676,647
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	12 years	4,368 / 6,218	559,060
4	No 15 Lorong Sungai Lokan 3/2, Sungai Dua, 13800 Butterworth	7-4-1994	2 storey terrace light industrial building	Store	Freehold	13 years	1,920 / 2,880	230,168
5	Lot 14 Jalan Perusahaan, Kawasan Perusahaan Kulim, 09000 Kulim, Kedah	22-3-1995	1 storey factory	Office & factory	Leasehold * Expiry: 2080	13.5 years	86,249 / 38,320	1,903,291
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	8.5 years	247,420 / 152,163	5,721,268
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	12 years	2,842 / 3,919	360,469
								16,051,703

Notes :

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

\# Freehold land are stated at cost and are not subject to depreciation
Leasehold land and building are stated at cost less accumulated depreciation and accumulated losses, if any

* Based on the latest upgrading date of building

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth 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, 26 October 2009 at 11.30 a.m. for the following purposes:-

AS ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 May 2009 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a Final Single Tier Dividend of 8 sen per ordinary share for the financial year ended 31 May 2009. **Resolution 2**

3. To approve the payment of Directors' fees of RM240,000.00 for the financial year ended 31 May 2009. **Resolution 3**

4. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-
   (a) "THAT Mr Diong Chin Teck, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." **Resolution 4**

   (b) "THAT Dato' Noor Ahmad Mokhtar Bin Haniff, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

5. To re-elect the following Directors who retire in accordance with Article 126 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
   (a) Mr Guan Kok Beng **Resolution 6**
   (b) Mr Guan Kim Heng **Resolution 7**

6. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESSES

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

   Authority to Issue Shares

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue 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 of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier." **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING (Continued)

Proposed Renewal of Share Buy-Back Authority

"THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, 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 of RM1.00 each ("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 ("Share Buy-Back Authority") provided that:- **Resolution 10**

(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 and share premium accounts 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 Authority."

8 To consider any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Fourteenth Annual General Meeting, a Final Single Tier Dividend of 8 sen per ordinary share in respect of the financial year ended 31 May 2009 will be paid on 26 November 2009 to depositors registered in the Records of Depositors on 11 November 2009.

A depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the depositor's securities account before 4.00 p.m. on 11 November 2009 in respect of transfers;

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

Lim Kim Teck
(MAICSA 7010844)
Secretary

Penang
Date: 1 October 2009

NOTES

1. Appointment of Proxy
   a) A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
   b) 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.
   c) A member may appoint more than two (2) proxies to attend and vote at the same meeting.
   d) Where a member appoints two (2) proxies or more, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
   e) If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

2. Explanatory Note on Special Businesses

   Ordinary Resolution 9

   The 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 ("Proposed Mandate") from time to time. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the period within which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.

   The Proposed Mandate is a renewal of the mandate approved by the shareholders at the last Annual General Meeting held on 29 October 2008 ("Previous Mandate"). No shares have been issued and allotted under the Previous Mandate.

   At this juncture there is no decision to issue new shares. However, should the need arise to issue new shares, the Proposed Mandate would avoid any delay and costs in convening an Extraordinary General Meeting to approve such issue of shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company would make an announcement in respect of the purpose and utilization of the proceeds arising from such issue.

   Ordinary Resolution 10

   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 Annual General Meeting of the Company or the period within which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.

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EUROSPAN HOLDINGS BERHAD (351927-M)
(Incorporated in Malaysia)

PROXY FORM
for the 14th Annual General Meeting

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 Fourteenth Annual General Meeting of the Company to be held on Monday, 26 October, 2009 at 11.30 a.m. and at any adjournment thereof in the manner indicated below:-

Resolution		For	Against
To receive and adopt the Audited Financial Statements for the financial year ended 31 May 2009 together with the Reports of the Directors and Auditors thereon	Resolution 1		
To declare a Final Single Tier Dividend of 8 sen per ordinary share for the financial year ended 31 May 2009.	Resolution 2		
To approve the payment of Directors' fees of RM240,000.00 for the financial year ended 31 May 2009	Resolution 3		
To re-appoint Mr Diong Chin Teck, who retires pursuant to Section 129 of the Companies Act, 1965 as a Director	Resolution 4		
To re-appoint Dato' Noor Ahmad Mokhtar bin Haniff, who retires pursuant to Section 129 of the Companies Act, 1965 as a Director	Resolution 5		
To re-elect Mr Guan Kok Beng, who retire in accordance with Article 126 of the Company's Articles of Association as a Director	Resolution 6		
To re-elect Mr Guan Kim Heng, who retire in accordance with Article 126 of the Company's Articles of Association as a Director	Resolution 7		
To re-appoint Messrs KPMG as the Company's Auditors	Resolution 8		
To empower the Directors to issue and allot shares up to 10% of the issued share capital of the Company	Resolution 9		
To renew the authority to purchase up to 10% of the issued and paid-up share capital of the Company	Resolution 10		

(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 ______________________ 2009.

____
Signature of Shareholder

Notes :

a) A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

b) 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.

c) A member may appoint more than two (2) proxies to attend and vote at the same meeting.

d) Where a member appoints two (2) proxies or more, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

e) If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

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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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