

ANNUAL REPORT
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Eurospan Holdings Berhad (351927-M)
1168 Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan,
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EUROSPAN HOLDINGS BERHAD (351927-M)

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of Eurospan Holdings Berhad will be held at Murai I, Lower Ground, Hotel Equatorial, No. 1 Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Thursday, 30 October 2003 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 2003 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of Directors' fees of RM150,000.00 for the financial year ended 31 May 2003. **Resolution 2**
3. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-
"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 3
4. To re-elect Mr Guan Kok Beng who retires in accordance with Article 126 of the Company's Articles of Association and being eligible, offers himself for re-election. **Resolution 4**
5. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-
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 whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
Resolution 6
7. To consider any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

By order of the Board

Lim Kim Teck
(MAICSA 7010844)
Secretary

Penang
Date : 7 October 2003



Notice of Annual General Meeting (cont'd)

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, 14A, Jalan Todak 3, Pusat Bandar, Bandar Seberang Jaya, 13700 Seberang Jaya, Prai, 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. Special Business

Resolution 6 – Authority to Issue Shares

The Ordinary Resolution if passed will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.



Corporate Information

BOARD OF DIRECTORS

Guan Kok Beng

Chairman/Managing Director

Guan Kim Heng

Executive Director

Guan Kim Loong

Executive Director

Dato' Noor Ahmad Mokhtar bin Haniff

Independent Non-Executive Director

Diong Chin Teck

Independent Non-Executive Director

Sim Yee Fuan

Executive Director

(Resigned w.e.f. 30 August 2002)

COMPANY SECRETARY

Lim Kim Teck (MAICSA 7010844)

REGISTERED OFFICE

14A, Jalan Todak 3
Pusat Bandar
Bandar Seberang Jaya
13700 Seberang Jaya
Prai
Tel: 04-3976672

SHARE REGISTRAR

Plantation Agencies Sdn. Berhad (2603-D)
3rd Floor, Standard Chartered Bank Chambers
Lebuh Pantai
10300 Penang
Tel: 04-2625333

AUDITORS

KPMG

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

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad (115793-P)
Level 1, NB Tower 1
5050 Jalan Bagan Luar
12000 Butterworth

Malayan Banking Berhad (3813-K)

4277 Jalan Bagan Luar
12000 Butterworth

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange Second Board

DOMICILE

Malaysia



Group Structure

Eurospan Holdings Berhad was incorporated in Malaysia on July 19, 1995 under the Companies Act, 1965 as a public limited company. The Company is an investment holding company and its wholly-owned subsidiary companies are Eurospan Furniture Sdn. Bhd., Dynaspan Furniture Sdn. Bhd., Eurowood Furniture Sdn. Bhd. and Dynaword Sdn. Bhd.



Chairman's Message

On behalf of the Board of Directors, I am pleased to present the Annual Report of Eurospan Holdings Berhad and its subsidiaries ("the Group") for the financial year ended 31 May 2003.

FINANCIAL REVIEW

During the year under review, the Group recorded a revenue of RM32.6 million and a loss before taxation of RM1,713,989 as compared to a revenue of RM37.8 million and a loss before taxation of RM873,498 for the previous financial year.

After accounting for taxation, the Group's net loss for the financial year under review was RM988,657 as compared to RM935,826 for the preceding financial year ended 31 May 2002.

The loss was mainly due to the decline in revenue as a result of prolonged soft demand in the global furniture market which was brought about by weak consumer sentiment arising from concerns over Iraq war, terrorism, the outbreak of the deadly Severe Acute Respiratory Syndrome (SARS) virus and sluggish economic conditions.

OPERATIONS REVIEW

It has been a challenging fiscal year for the Group in the face of a series of unfortunate events mentioned above. In addition, the Group operates in a very competitive industry due to stiff competition from lower-cost producing countries. Nevertheless, after four consecutive quarters of losses, the Group managed to turn around in the fourth financial quarter ended May 2003. The Group also managed to broaden its access to the European market, as Japan which used to be the group's principal export market is not expected to recover soon from its weakened and uncertain economy.

Meantime, the manufacturing plant located at Sungai Baong Furniture Village, Penang is expected to contribute to the future growth of the Group.

PROSPECTS

The Group expects the next financial year to be another challenging year. The Group will however continue to place importance on product development, business development as well as operational improvement processes. The future revenue growth for the Group is likely to be derived from new markets penetration, improvement on its existing market share and broadening of its customer base through product diversification and product improvement.

The Group remains optimistic of the long-term prospect of the global furniture industry. The Group views the downturn of its financial performances bottoming out in the fourth financial quarter of the financial year under review, and barring any unforeseen circumstances, the Group is cautiously optimistic that its performance for the new financial year ending May 2004 will improve.

DIVIDEND

The Directors do not recommend the payment of any dividend for the financial year ended 31 May 2003.



Chairman's Message (cont'd)

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank Mr. Sim Yee Fuan who resigned from the Board on 30 August 2002 for his contribution to the Group.

I would also like to express our thanks and appreciation to all our customers, business associates, bankers, the relevant authorities and shareholders for their continuous support and confidence in the Group.

Last but not least, I would like to express our acknowledgement to the management and staff for their continued dedication and contribution to the Group.

Guan Kok Beng
Chairman

Date: 7 October 2003



Statement on Corporate Governance

The Directors of the Company appreciate the importance of adopting and inculcating pertinent standards of corporate governance within the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability as well as corporate performance.

As such, the Board strives to adopt the substance and spirit behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the Principles and Best Practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the "Code") respectively.

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

Principles Statement

The following statement sets out how the Company has applied the Principles in Part 1 of the Code. The Principles are dealt with under the headings of "Board of Directors", "Directors' Remuneration", "Shareholders" and "Accountability and Audit".

A Board of Directors

Board Responsibilities

The Group acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 31 May 2003, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, strategic decisions and the direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings from the Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting.

Details of the Director's meeting attendance during the financial year are as follows:-

Directors	Attendance
Guan Kok Beng	5/5
Guan Kim Heng	5/5
Guan Kim Loong	5/5
Dato' Noor Ahmad Mokhtar bin Haniff	5/5
Diong Chin Teck	5/5
Sim Yee Fuan (<i>resigned w.e.f. 30 August 2002</i>)	2/5

Board Committees

The Board of Directors delegates certain responsibilities to the Board Committees, namely a Nominating Committee, a Remuneration Committee and an Audit Committee, in order to enhance business and operational efficiency as well as efficacy.

All committees have written terms of reference and operating procedures and the Board receives reports of their proceedings and deliberations, where appropriate. The Chairman of the various committees will report to the Board the outcome of the Committee meetings and such reports are normally incorporated in the minutes of the full Board meeting.



Statement on Corporate Governance (cont'd)

A Board of Directors (cont'd)

Board Balance

As at the date of this statement, the Board consists of five (5) members, comprising three (3) Executive Directors and two (2) Independent Non-Executive Directors. During the financial year ended 31 May 2003, Mr. Sim Yee Fuan, resigned as an Executive Director of the Company. The present Directors, with their different backgrounds and specialization, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. A brief profile of each Director is presented on pages 19 and 20 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.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

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 Kuala Lumpur Stock Exchange (KLSE).

The Board as a whole will determine, 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.

Directors' Training

The Board as a whole ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. There is no formal training programme for Directors. However, at the date of this Statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia (RIIAM). The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

Nominating Committee

At the date of this statement, the Committee which was formed by the Board in November 2001, comprises the following:

- Dato' Noor Ahmad Mokhtar bin Haniff – Chairman (Independent Non-Executive)
- Diong Chin Teck – Member (Independent Non-Executive)

The Committee consists entirely of Non-Executive Directors, all of whom are independent. The Nominating Committee is empowered by the Board and its terms of reference are to bring to the Board recommendations as to the appointment of new Directors, assess the effectiveness of the Board, its Committees and the contribution of each individual Director on an annual basis.



Statement on Corporate Governance (cont'd)

A Board of Directors (cont'd)

Nominating Committee (cont'd)

During the financial year ended 31 May 2003, the Committee met and deliberated on the following matters:-

- (i) size of the Board & the impact of the number upon its effectiveness;
- (ii) balance of Executive and Non-Executive Directors (including independent Directors) with an aim of achieving a balance of views on the Board;
- (iii) required mix of skills and experience and other qualities, including core competencies of the members of the Board;
- (iv) contribution of each individual Director, the effectiveness of the Board as a whole and the committees of the Board; and
- (v) retirement and re-election/re-appointment of Directors/Managing Director.

Re-election

The Articles of Association provides that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. An election of Directors shall take place each year. In addition, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or re-appointment, but as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

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.

B Director's Remuneration

Remuneration Committee

The Remuneration Committee was established by the Board in November 2001 and its members are as follows:

- Guan Kim Heng – Chairman (Executive)
- Dato' Noor Ahmad Mokhtar bin Haniff – Member (Independent Non-Executive)
- Diong Chin Teck – Member (Independent Non-Executive)

The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of executive Directors to the Board. During the financial year, the Committee met to discuss matters relating to the Directors' remuneration for recommendation to the Board of Directors for approval with individual Directors abstaining from decisions in respect of their individual remuneration.

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 current Directors of the Company, including a Director who resigned during the financial year, are as follows:

Directors	Salaries RM('000)	Fees RM('000)	Other emoluments RM('000)
<i>Executive</i>	621	175	205
<i>Non-Executive</i>	-	65	6.6



Statement on Corporate Governance (cont'd)

B Director's Remuneration (cont'd)

Remuneration Committee (cont'd)

The number of Directors whose remuneration falls into the following bands, including a Director who resigned during the financial year, comprises:

Range of Remuneration RM	Number of Directors	
	Executive	Non-Executive
50,000 and below	1	2
250,001 – 300,000	1	-
300,001 – 350,000	1	-
350,001 – 400,000	1	-

C Shareholders

The Company recognizes the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meetings (AGM), Extraordinary General Meetings (EGM) and, where appropriate, circulars to shareholders. The policy of the Company is to maintain a dialogue with its shareholders with the intention of giving shareholders as clear and complete a picture of the Company's performance and position as possible. It has also been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty-one (21) clear days before the meeting. At the AGM and EGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general, as appropriate.

In addition, the Company makes various announcements through the KLSE, in particular, the timely release of the quarterly results within two months from the close of a particular quarter. Members of the public can also obtain the full financial results and the Company's announcements from the KLSE's website.

D Accountability and Audit

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 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.

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 cashflows 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.



Statement on Corporate Governance (cont'd)

D Accountability and Audit (cont'd)

State of Internal Controls

The Directors recognize 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 that relevant and appropriate measures are implemented to manage the business risks affecting the Group. This system by its nature can only provide reasonable but not absolute assurance against misstatement, fraud or loss.

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 13 to 15 of the Annual Report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on page 15 of the Annual Report.

Compliance Statement

The Group has complied, throughout the financial year ended 31 May 2003, with all the Best Practices of corporate governance set out in Part 2 of the Code except for the following:

- 1 Appointment of a Senior Independent Non-Executive Director to whom concerns may be conveyed has not been made. The positions of Chairman and Managing Director are held by the same Director. The Directors are of the opinion that the current arrangement is expedient and adequate for the Company as the present Board has a strong independent element within it in the form of the Independent Non-Executive Directors. Moreover, the Chairman normally encourages all the Directors to participate actively during Board meetings.
- 2 The Board does not have a formal schedule of matters specifically reserved to it for decision but it has been the practice for the Board to deliberate on matters that involve overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group. In addition, the information normally provided to Directors via Board papers is mainly financial and historical in nature. The Board is fully aware of this and will take the necessary measures to incorporate information that is non-financial in nature for Directors' attention and deliberation.
- 3 The Board does not have an agreed procedure for Directors, whether as a full Board or in their individual capacity, in furtherance of their duties, to take independent professional advice at the Company's expense. The Board is of the view that it is adequate for the matter to be brought before the whole Board for deliberation and decision whenever a need for independent professional advice arises.
- 4 The Company does not have a formal orientation and education program for new recruits to the Board. However, all its Directors have attended and successfully completed the MAP conducted by RIIAM in their quest to understand their duties and responsibilities towards the Company. To ensure that the Directors continuously participate in training that would enhance their knowledge so as to assist them in the discharge of their duties as Directors, the Directors will also attend the Continuing Education Programme (CEP).

This statement is issued in accordance with a Directors' Resolution passed at a Board of Directors' Meeting held on 25 August 2003.



Audit Committee Report

The Audit Committee of the Company was established in 19 May 2000 comprising a majority of Independent Non-Executive Directors.

MEMBERS OF THE AUDIT COMMITTEE

Chairman

Dato' Noor Ahmad Mokhtar bin Haniff (*appointed on 19 May 2000*)
(*Independent Non-Executive Director*)

Members

Diong Chin Teck (*appointed on 19 May 2000*)
(*Independent Non-Executive Director*)

Guan Kim Heng (*appointed on 19 May 2000*)
(*Executive Director*)

TERMS OF REFERENCE

Members

- The Members shall be appointed by the Board of Directors and shall consist of not less than 3 Members, of whom a majority shall comprise of Independent Directors of the Company. No Alternate Directors shall be appointed members of the Committee.
- At least one member of the Audit Committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - 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.

Quorum

- A quorum shall consist of two (2) Members and a majority of the Members present must be Independent Directors.

Chairman

- The Members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.

Secretary

- The Secretary of the Audit Committee shall be the Company Secretary or any other person so appointed by the Audit Committee from time to time.



Audit Committee Report (cont'd)

TERMS OF REFERENCE (cont'd)

Meetings

- The Committee shall regulate its own proceedings. The Committee shall meet at least four (4) times a year. Upon the request of any of its Members, the Auditors or Company's Management, the Chairman shall convene a Meeting of the Committee to consider any matter the Auditors believe should be brought to the attention of the Directors or Shareholders.

Authority

- The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- The Committee is authorised by the Board to obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Terms of Office

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

Functions and Responsibilities of the Audit Committee

The Committee is responsible to the Board of Directors for the following in its role to ensure proper management of assets, liabilities, revenue and expenses of the organisation and compliance with statutory obligations:-

- To review with the Company's Management and Auditors, the audit plan, scope and general extent of the Auditors' audit examinations;
- To review with the Auditors, his evaluation of the system of internal controls;
- To review with the Company's Management and Auditors to ensure the suitability and adequacy of accounting policies and practices, its compliance with any regulatory or other external financial reporting controls and requirements;
- To review with the Management and Auditors his audit report and financial results for the year prior to their release to the public;
- To discuss with the Company's Management the scope and quality of accounting and financial reporting controls in effect;
- To review the assistance given by Company's employees to the Auditor;
- To review the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on recommendations of the internal audit function;
- To review the quarterly results, balance sheet and profit and loss account, submitted to it by the Company or the holding company, and thereafter to submit them to the Directors of the Company or the holding company for approval;
- To recommend to the Board of Directors any appropriate extension of changes in the duties of the Committee;
- To review and report any letter of resignation from the Auditors;
- To review whether there is reason to believe that the Auditor is not suitable for re-appointment;



Audit Committee Report (cont'd)

TERMS OF REFERENCE (cont'd)

Functions and Responsibilities of the Audit Committee (cont'd)

- To nominate a person or persons as Auditors together with such other functions as may be agreed to by the Committee and the Board of Directors;
- To review any related party transactions and conflict of interest situation that may arise within the Company or Group;
- To review and report the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- To consider and examine such other matters as the Committee considers appropriate.

AUDIT COMMITTEE MEETINGS

The Committee meets at least four (4) times a year. Additional meetings will be held as and when necessary. During the financial year ended 31 May 2003, a total of five (5) meetings were held and the attendance of the Members of the Audit Committee are as follows:-

	Attendance
(i) Dato' Noor Ahmad Mokhtar bin Haniff	5/5
(ii) Diong Chin Teck	5/5
(iii) Guan Kim Heng	5/5

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The Audit Committee provided assistance to the Board of Directors ("Board") in fulfilling its fiduciary responsibilities relating to the corporate accounting, regulatory compliances and risk management practices and procedures of the Group of Companies ("Group"). It met regularly through scheduled meetings with the management, the Board, internal auditors and external auditors to ensure that their respective responsibilities were carried out. Both the external auditors and the internal auditors had full access to the Audit Committee.

During the year under review, the Audit Committee discussed and reviewed with the external auditors, the audit scope, the audited annual financial statements, the external auditors' report and their areas of concern. It also discussed with the external auditors on their judgments regarding the suitability of the Company's accounting policies and practices, the clarity of its financial reporting, the adequacy of disclosure requirements of relevant authorities and its regulatory compliances. In addition, it discussed and reviewed with the external auditors the effects of any changes in accounting principles resulting from updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board. Accordingly, the Committee then made recommendations for the audited financial statements to be submitted for the Board's approval.

The Audit Committee discussed and reviewed with the management and the Board, the unaudited quarterly financial statements, the adequacy of disclosure information essential for a fair and full presentation of the financial affairs of the Group and the corporate announcements. It then made recommendations to the Board for approval prior to their release to the Kuala Lumpur Stock Exchange and Securities Commission.

The Audit Committee also discussed and approved the annual risk-based internal audit plan of the internal auditors. It reviewed the adequacy, relevance of the scope, functions and resources of the internal audit division. The Committee also reviewed the internal audit reports pertaining to the risk-based audits undertaken, the adequacy and integrity of the system of internal controls and ensured appropriate actions were taken to address the areas of concern.

Lastly, the Audit Committee reviewed the performance and fees of the external auditors prior to recommending their re-appointment to the Board.



Audit Committee Report (cont'd)

INTERNAL AUDIT

The internal audit division constitutes an independent managerial control within the Group. It is independent of the processes that it audits, provides independent and objective assurance on the existence, integrity, and adequacy of the Group's management, records and accounting policies. It also provides independent and objective assurance on the integrity and effectiveness of the existing system of internal control, which ensures that the business functions are carried out in compliance with the standard operating procedures and within the applicable law. In addition, it facilitates a systematic profiling of all risk areas of the Group by verifying the enterprise risk management ("ERM") system for adequacy and effectiveness, validating the results of the ERM processes and to ensure continuous application of the ERM policies and procedures.

The internal audit division reports directly to the Audit Committee. It performs the audits in accordance with the annual risk-based internal audit plan approved by the Audit Committee. Upon completion of each audit, an internal audit report is generated and reviewed at the Audit Committee meeting to ensure that instituted controls are appropriate and effectively applied to achieve acceptable risk exposure and to assist the Audit Committee in discharging its duties and responsibilities.

During the year under review, the internal auditor presented the annual risk-based internal audit plan prioritised by the residual risk profile of the Group for the Audit 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. It verified the existence and assessed the integrity, adequacy and effectiveness of the internal controls in place. It also examined the supporting documents and records for existence, completeness and accuracy in order to evaluate the accuracy and integrity of the data and information. Upon completion of the audit, it reported its observations, findings and recommendations for improvements in the internal audit report for the Audit Committee's deliberations. The internal audit division discussed with the management regarding improvements and instituted follow-up actions to remedy weaknesses identified in the internal audit report.



Statement on Internal Control

INTRODUCTION

Paragraph 15.27(b) of the Kuala Lumpur Stock Exchange (KLSE) 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 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 but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls.

The Board is aware of the publication on 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 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 much of the assurance it requires regarding the adequacy and integrity of the system of internal control. The internal audit reviews the internal control processes implemented by management and reports to the Audit Committee on a quarterly basis. The internal audit also reviews the internal controls in the key activities of the Group’s operations based on an annual internal audit plan presented to the Audit Committee for approval. The internal audit plan, prepared in accordance with a risk-based approach was essentially drawn up to review the key processes that gird the operations of the Group.

For the financial year under review, management 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 ERM policy and procedures, and has implemented an on-going process of identifying, measuring and evaluating, monitoring and communicating and controlling 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 formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include 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 are relevant across Group operations and provide for 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.



Statement on Internal Control (cont'd)

OTHER CONTROL PROCESSES (cont'd)

The Group Finance Manager in charge of finance provides the Board with quarterly financial information, including pertinent explanations on the performance of the Group. Where areas of improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and Management.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

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

This statement is issued in accordance with a Directors' Resolution passed at a Board of Directors' Meeting held on 25 August 2003.



Board of Directors

The Board comprises five (5) members out of which three (3) are Executive Directors, including the Chairman and Managing Director, and the remaining two (2) being independent Non-Executive Directors. A profile of each of the Director of the Company is described below.

Guan Kok Beng – *Chairman & Managing Director*

Mr. Guan Kok Beng, a Malaysian Citizen, aged 51, 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 25 years of experience in the furniture industry, he is responsible for strategic business development, providing direction and coordinating the overall marketing and production operations of the Group. He also leads the Research & Development team and provides support to the members to develop new products and improving the manufacturing capabilities of the Group.

Between 1995 and 1998, he was the Advisor of the Penang Furniture Manufacturers and Dealers Association (“PFMDA”) and from 1992 to 1995, he was the President. He was also a committee member of the Malaysian Furniture Industry Council from 1992 to 1995.

Mr. Guan has contributed significantly to the successful development and expansion of the Group and is the prime mover of the Group’s achievements.

Guan Kim Heng – *Executive Director*

Mr. Guan Kim Heng, a Malaysian Citizen, aged 45, was appointed as an Executive Director of the Company on 30 April 2000 to be primarily involved in corporate planning, providing direction and overseeing the financial, human resources and administrative functions of the Group. In addition, his role also includes project development, evaluation of business opportunities and identifying strategic business partners. With his vast experience and knowledge of over 20 years in the furniture industry, he is one of the driving force behind the Group’s growth.

Mr. Guan is a Member of the Company’s Audit Committee and Chairman of the Remuneration Committee.

Guan Kim Loong – *Executive Director*

Mr. Guan Kim Loong, a Malaysian Citizen, aged 39, is an Executive Director of the Company. He holds a Diploma in Electronic Engineering and joined the Group as the Production Manager in 1989. He has gained extensive experience in and exposure to furniture production and technology after more than 10 years of involvement in the furniture business.

He was appointed to the Board of the Company on 30 April 2000 and is responsible for the operations of the Research & Development, Production and Engineering functions, providing direction and overseeing the setting up of the management information systems, manufacturing processes, strengthening product development, ensuring high quality standard of the Group’s products and improving production efficiency, as well as quality control and assurance procedures of the Group.



Board of Directors (cont'd)

Dato' Noor Ahmad Mokhtar bin Haniff – *Independent Non-Executive Director*

Dato' Mokhtar, a Malaysian Citizen, aged 64, 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 was an Educationist with the Ministry of Education from 1965 to 1970. He assumed the position of Special Assistant to the Chief Minister of Penang from 1970 to 1971 before joining Universiti Sains Malaysia as Senior Assistant Registrar. He started working in 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.

While in the government service, Dato' Mokhtar was extensively involved in and sat on numerous state councils dealing with economic planning, investment, tourism, education and environmental conservation matters.

Dato' Mokhtar is the Chairman of the Company's Audit Committee and Nominating Committee and a Member of the Remuneration Committee.

Dato' Mokhtar also sits on the Board of other KLSE listed companies, i.e. Globetronics Technology Bhd., Amtek Holdings Berhad and Yikon Corporation Berhad.

Diong Chin Teck – *Independent Non-Executive Director*

Mr. Diong, a Malaysian Citizen, aged 70, 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.

Mr. Diong is a Member of the Company's Audit Committee, Nominating Committee and Remuneration Committee.

Presently, Mr. Diong is the Secretary of Oriental Holdings Berhad and its subsidiary companies, and a Director of ABN AMRO Bank Berhad. He also sits on the Board of other KLSE listed companies i.e. Globetronics Technology Bhd. and Asas Dunia Berhad.

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND OR MAJOR SHAREHOLDER OF THE COMPANY

None of the Directors of the Company has any family relationship with each other except for Messrs Guan Kok Beng, Guan Kim Heng and Guan Kim Loong, who are brothers.

CONFLICT OF INTEREST

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

CONVICTION FOR OFFENCES

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

MATERIAL CONTRACTS

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



Other Information

(pursuant to paragraph 9.25 of the Listing Requirements of the Kuala Lumpur Stock Exchange)

Utilisation of Proceeds Raised from Corporate Proposal

Not applicable as none was proposed/granted during the financial year ended 31 May 2003.

Share Buybacks

The Company did not exercise any buybacks on its own shares during the financial year ended 31 May 2003.

Options, Warrants or Convertible Securities

Not applicable as none was issued/granted during the financial year ended 31 May 2003.

ADR or GDR Programme

The Company does not sponsor any ADR or GDR programme.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 31 May 2003.

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 2003.

Non-Audit Fees

The amount of non-audit fees paid by the Group to the external auditors during the financial year ended 31 May 2003 is approximately RM77,000.00.



Directors' Report for the year ended 31 May 2003

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 2003.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are set out in Note 3 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
Net loss for the year	988,657	257,837

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review.

DIVIDEND

No dividend was paid since the end of the previous financial year and the directors do not recommend any dividend to be paid for the year under review.

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		
Sim Yee Fuan		(Resigned on 30.8.2002)

DIRECTORS' INTEREST IN SHARES

The holdings and deemed holdings in the ordinary shares of the Company and its related companies of those who were directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

The Company	Ordinary Shares of RM1 each							
	Balance at 1.6.2002	Direct Interest		Balance at 31.5.2003	Balance at 1.6.2002	Deemed Interest		Balance at 31.5.2003
		Bought	(Sold)			Bought	(Sold)	
Guan Kok Beng	1,484,624	27,000	-	1,511,624	18,000,000	-	-	18,000,000
Guan Kim Heng	1,103,036	10,000	-	1,113,036	18,000,000	-	-	18,000,000
Guan Kim Loong	774,576	-	-	774,576	18,000,000	-	-	18,000,000
Diong Chin Teck	15,000	-	-	15,000	-	-	-	-



Directors' Report

for the year ended 31 May 2003 (cont'd)

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 subsidiary companies during the financial year to the extent that the Company has an interest.

Dato' Noor Ahmad Mokhtar Bin Haniff did not have any interest in the ordinary shares of the Company and of its related companies 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.

ISSUE OF SHARES AND DEBENTURES

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

OTHER STATUTORY INFORMATION

Before the financial 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.



Directors' Report

for the year ended 31 May 2003 (cont'd)

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 2003 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.

AUDITORS

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

Signed in accordance with a resolution of the directors:

.....
Director
GUAN KOK BENG

.....
Director
GUAN KIM HENG

Penang,

Date : 25 August 2003



Statement by Directors Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the directors, the financial statements of the Group and of the Company set out on pages 27 to 47 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 May 2003 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the directors :

.....
Director
GUAN KOK BENG

.....
Director
GUAN KIM HENG

Penang,

Date : 25 August 2003

Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965

I, GUAN KIM HENG (I/C No. 580419-07-5233), the director primarily responsible for the financial management of EUROSPAN HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 27 to 47 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 GUAN KIM HENG)
at Georgetown in the State of Penang)
on 25 August 2003.)

BEFORE ME :

CHAI CHOON KIAT, PJM
Pesuruhjaya Sumpah
(Commissioner for Oaths)



Report of the Auditors to the Members of EUROSPAN HOLDINGS BERHAD

We have audited the financial statements set out on pages 27 to 47. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 May 2003 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;
- and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiary companies 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm No : AF : 0758
Chartered Accountants

OOI KOK SENG
Partner
Approval No : 2432/05/05 (J)

Penang,

Date : 25 August 2003



Consolidated Balance Sheet at 31 May 2003

	NOTE	2003 RM	2002 RM
PROPERTY, PLANT AND EQUIPMENT	2	35,895,602	38,430,223
CURRENT ASSETS			
Inventories	4	7,203,821	5,215,627
Trade and other receivables	5	3,780,351	2,326,880
Tax refundable		1,438,055	1,124,666
Cash and cash equivalents	6	6,465,780	8,097,293
		18,888,007	16,764,466
CURRENT LIABILITIES			
Trade and other payables	7	3,919,396	2,930,819
		3,919,396	2,930,819
NET CURRENT ASSETS		14,968,611	13,833,647
		50,864,213	52,263,870
Financed by :			
SHARE CAPITAL	8	40,000,000	40,000,000
RESERVES	9	9,100,925	10,089,582
SHAREHOLDERS' FUNDS		49,100,925	50,089,582
DEFERRED TAX		1,187,000	1,598,000
NEGATIVE GOODWILL		576,288	576,288
		50,864,213	52,263,870

The financial statements were approved and authorised for issue by the Board of Directors on 25 August 2003.

The notes set out on pages 35 to 47 form an integral part of, and should be read in conjunction with, these financial statements.



Consolidated Income Statement for the year ended 31 May 2003

	NOTE	2003 RM	2002 RM
Revenue	10	32,573,961	37,775,487
Cost of sales		(29,386,054)	(33,378,842)
Gross profit		3,187,907	4,396,645
Distribution costs		(1,271,399)	(1,560,898)
Administrative expenses		(3,744,261)	(3,708,100)
Other operating expenses		(202,691)	(306,312)
Other operating income		316,455	306,417
Operating loss	11	(1,713,989)	(872,248)
Interest expense on hire purchase		-	(1,250)
Loss before tax		(1,713,989)	(873,498)
Tax expense	13	725,332	(62,328)
Net loss for the year		(988,657)	(935,826)
Basic loss per share (sen)	14	(2.5)	(2.3)

The notes set out on pages 35 to 47 form an integral part of, and should be read in conjunction with, these financial statements.



Consolidated Statement of Changes in Equity for the year ended 31 May 2003

	Share Capital RM	Share Premium RM	Retained Profits RM	Total RM
At 1 June 2001	40,000,000	8,090,232	4,135,176	52,225,408
Net loss for the year	-	-	(935,826)	(935,826)
Dividend (Note 15)	-	-	(1,200,000)	(1,200,000)
At 31 May 2002	40,000,000	8,090,232	1,999,350	50,089,582
Net loss for the year	-	-	(988,657)	(988,657)
At 31 May 2003	40,000,000	8,090,232	1,010,693	49,100,925

The notes set out on pages 35 to 47 form an integral part of, and should be read in conjunction with, these financial statements.



Consolidated Cash Flow Statement for the year ended 31 May 2003

	2003	2002
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,713,989)	(873,498)
Adjustments for :		
Depreciation	3,379,705	2,899,790
Gain on disposal of plant and equipment	-	(13,200)
Interest income	(176,900)	(260,395)
Interest expense	-	1,250
Operating profit before working capital changes	1,488,816	1,753,947
(Increase)/Decrease in :		
Inventories	(1,988,194)	(35,257)
Trade and other receivables	(1,453,471)	1,523,604
Increase/(Decrease) in :		
Trade and other payables	988,577	(1,698,835)
Cash (used in)/generated from operations	(964,272)	1,543,459
Interest paid	-	(1,250)
Tax refunded/(paid)	943	(2,803,293)
Net cash used in operating activities	(963,329)	(1,261,084)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(845,084)	(2,696,878)
Proceeds from disposal of plant and equipment	-	18,000
Interest received	176,900	260,395
Net cash used in investing activities	(668,184)	(2,418,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(1,200,000)
Repayment of hire purchase obligations	-	(13,887)
Net cash used in financing activities	-	(1,213,887)
Net decrease in cash and cash equivalents	(1,631,513)	(4,893,454)
Cash and cash equivalents at beginning of year	8,097,293	12,990,747
Cash and cash equivalents at end of year (Note 6)	6,465,780	8,097,293

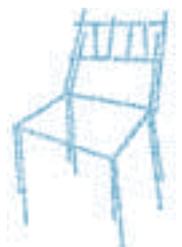
The notes set out on pages 35 to 47 form an integral part of, and should be read in conjunction with, these financial statements.



Balance Sheet at 31 May 2003

	NOTE	2003 RM	2002 RM
INVESTMENT IN SUBSIDIARY COMPANIES	3	30,413,939	30,413,939
AMOUNT DUE FROM SUBSIDIARY COMPANIES		17,812,120	17,808,338
CURRENT ASSETS			
Tax refundable		28,634	28,126
Cash and cash equivalents	6	397,259	675,344
		425,893	703,470
CURRENT LIABILITIES			
Trade and other payables	7	182,742	198,700
		182,742	198,700
NET CURRENT ASSETS		243,151	504,770
		48,469,210	48,727,047
Financed by :			
SHARE CAPITAL	8	40,000,000	40,000,000
RESERVES	9	8,469,210	8,727,047
SHAREHOLDERS' FUNDS		48,469,210	48,727,047

The notes set out on pages 35 to 47 form an integral part of, and should be read in conjunction with, these financial statements.



Income Statement for the year ended 31 May 2003

	NOTE	2003 RM	2002 RM
Revenue	10	-	400,866
Administrative expenses		(265,937)	(271,855)
Other operating income		11,466	5,722
Operating (loss)/profit	11	(254,471)	134,733
Tax expense	13	(3,366)	5,492
Net (loss)/profit for the year		(257,837)	140,225

The notes set out on pages 35 to 47 form an integral part of, and should be read in conjunction with, these financial statements.



Statement of Changes in Equity for the year ended 31 May 2003

	Share Capital RM	Share Premium RM	Retained Profits RM	Total RM
At 1 June 2001	40,000,000	8,090,232	1,696,590	49,786,822
Net profit for the year	-	-	140,225	140,225
Dividend (Note 15)	-	-	(1,200,000)	(1,200,000)
At 31 May 2002	40,000,000	8,090,232	636,815	48,727,047
Net loss for the year	-	-	(257,837)	(257,837)
At 31 May 2003	40,000,000	8,090,232	378,978	48,469,210

The notes set out on pages 35 to 47 form an integral part of, and should be read in conjunction with, these financial statements.



Cash Flow Statement for the year ended 31 May 2003

	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(254,471)	134,733
Adjustment for :		
Interest income	(11,466)	(5,722)
Operating (loss)/profit before working capital changes	(265,937)	129,011
(Increase)/Decrease in :		
Amount due from subsidiary companies	(3,782)	1,651,521
(Decrease)/Increase in :		
Trade and other payables	(15,958)	21,693
Cash (used in)/generated from operations	(285,677)	1,802,225
Tax paid	(3,874)	(115,634)
Net cash (used in)/generated from operating activities	(289,551)	1,686,591
CASH FLOWS FROM INVESTING ACTIVITY		
Interest received	11,466	5,722
Net cash generated from investing activity	11,466	5,722
CASH FLOWS FROM FINANCING ACTIVITY		
Dividend paid	-	(1,200,000)
Net cash used in financing activity	-	(1,200,000)
Net (decrease)/increase in cash and cash equivalents	(278,085)	492,313
Cash and cash equivalents at beginning of year	675,344	183,031
Cash and cash equivalents at end of year (Note 6)	397,259	675,344

The notes set out on pages 35 to 47 form an integral part of, and should be read in conjunction with, these financial statements.



Notes to the Financial Statements

31 May 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 20, Provisions, Contingent Liabilities and Contingent Assets;
- (ii) MASB 21, Business Combination (see Note 1.2);
- (iii) MASB 22, Segment Reporting;
- (iv) MASB 23, Impairment of Assets; and
- (v) MASB 24, Financial Instruments: Disclosure and Presentation

Apart from the inclusion of the new policies and extended disclosures where required by these new standards, the effects of the changes in the above accounting policies are disclosed in Note 20 to the financial statements.

1.1 Basis of Accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

1.2 Basis of Consolidation

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiary companies are consolidated using the merger method of accounting except for Dynaspan Furniture Sdn. Bhd. which is consolidated using acquisition method of accounting.

A subsidiary company is excluded from consolidation when control is intended to be temporary if the subsidiary company is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiary companies excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or negative goodwill as appropriate.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the companies had been combined throughout the current and previous financial years. The difference between the nominal value of share capital issued as purchase consideration and the nominal value of the share capital and reserves of the merged subsidiary companies is taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.



Notes to the Financial Statements

31 May 2003 (cont'd)

1.3 Property, Plant and Equipment

Freehold land and capital expenditure-in-progress are stated at cost less accumulated impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Freehold land and capital expenditure-in-progress are not depreciated. Leasehold land is amortised in equal instalments over the lease period of 85 years.

On other property, plant and equipment, depreciation is calculated to write-off the cost of the assets on a straight line basis over their expected useful lives at the following principal annual rates:

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

1.4 Impairment

The carrying amount of the Company's assets, other than inventories (refer Note 1.6) and financial assets (other than investment in subsidiary companies), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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. The reversal is recognised in the income statement.

1.5 Investments

Long term investment in subsidiary companies are stated at cost in the Company, less accumulated impairment loss, where applicable.

1.6 Inventories

Raw materials, work-in-progress and manufactured inventories are stated at the lower of cost and net realisable value with first-in, first-out being the main basis for cost. For work-in-progress and manufactured inventories, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

The Company revised the basis for inventories valuation from weighted average to first-in, first-out with effect from financial year ended 31 May 2003. The change in the basis used for inventories valuation has no material impact on the financial statements and therefore the restatement of comparative figures and prior year adjustment are not presented.



Notes to the Financial Statements

31 May 2003 (cont'd)

1.7 Trade and Other Receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

1.8 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

1.9 Liabilities

Trade and other payables are stated at cost.

1.10 Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

1.11 Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

1.12 Foreign Currency Transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

USD 1	:	RM3.80	(2002 : RM3.80)
EURO 1	:	RM4.00	(2002 : RM3.47)



Notes to the Financial Statements

31 May 2003 (cont'd)

1.13 Income Recognition

i) Sale of goods

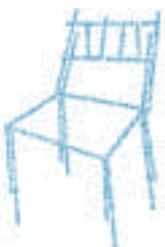
Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) Dividend income

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

iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.



Notes to the Financial Statements

31 May 2003 (cont'd)

2. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings, renovation and office equipment RM	Motor vehicles RM	Capital Expen- diture in-progress RM	Total RM
Cost								
At 1 June 2002	4,782,510	383,733	13,356,763	26,837,161	1,975,032	1,819,163	60,396	49,214,758
Additions	-	-	56,256	568,311	68,067	-	152,450	845,084
Reclassification	-	-	-	60,396	-	-	(60,396)	-
At 31 May 2003	4,782,510	383,733	13,413,019	27,465,868	2,043,099	1,819,163	152,450	50,059,842
Accumulated Depreciation								
At 1 June 2002	-	31,163	1,041,046	8,108,477	782,042	821,807	-	10,784,535
Charge for the year	-	4,514	267,792	2,758,314	176,661	172,424	-	3,379,705
At 31 May 2003	-	35,677	1,308,838	10,866,791	958,703	994,231	-	14,164,240
Net Book Value								
At 31 May 2003	4,782,510	348,056	12,104,181	16,599,077	1,084,396	824,932	152,450	35,895,602
At 31 May 2002	4,782,510	352,570	12,315,717	18,728,684	1,192,990	997,356	60,396	38,430,223
Depreciation Charge For The Year Ended 31 May 2002	-	4,514	264,240	2,247,972	194,465	188,599	-	2,899,790

The title deeds to the four pieces of freehold land are still being processed by the relevant authorities.



Notes to the Financial Statements

31 May 2003 (cont'd)

3. INVESTMENT IN SUBSIDIARY COMPANIES - COMPANY

	2003 RM	2002 RM
Unquoted shares, at cost	30,413,939	30,413,939

Details of the subsidiary companies are as follows :

<u>Name of Company</u>	<u>Percentage of Equity Held</u>		<u>Principal Activities</u>
	2003 %	2002 %	
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 subsidiary companies are incorporated in Malaysia and audited by KPMG.

4. INVENTORIES - GROUP

	2003 RM	2002 RM
Raw materials	2,917,227	2,428,081
Work-in-progress	2,975,792	2,097,411
Manufactured inventories	1,310,802	690,135
	7,203,821	5,215,627

5. TRADE AND OTHER RECEIVABLES - GROUP

	2003 RM	2002 RM
Trade receivables	3,447,975	1,946,919
Other receivables, deposits and prepayments	332,376	379,961
	3,780,351	2,326,880



Notes to the Financial Statements

31 May 2003 (cont'd)

6. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Deposits with licensed banks	5,251,419	7,477,207	350,000	650,000
Cash and bank balances	1,214,361	620,086	47,259	25,344
	6,465,780	8,097,293	397,259	675,344

7. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade payables	2,385,639	1,579,829	-	-
Other payables and accrued expenses	1,533,757	1,350,990	182,742	198,700
	3,919,396	2,930,819	182,742	198,700

8. SHARE CAPITAL - GROUP AND COMPANY

	2003 RM	2002 RM
Ordinary shares of RM1 each		
Authorised :	50,000,000	50,000,000
Issued and fully paid :	40,000,000	40,000,000

9. RESERVES

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Non-distributable Share premium	8,090,232	8,090,232	8,090,232	8,090,232
Distributable Retained profits	1,010,693	1,999,350	378,978	636,815
	9,100,925	10,089,582	8,469,210	8,727,047



Notes to the Financial Statements

31 May 2003 (cont'd)

10. REVENUE

GROUP

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

COMPANY

Revenue represents dividend income receivable from subsidiary companies.

11. OPERATING (LOSS)/PROFIT

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Operating (loss)/profit has been arrived at :				
After charging :				
Auditors' remuneration				
- Current year	31,000	31,000	10,000	10,000
- Under provision in prior year	-	4,000	-	-
Depreciation (Note 2)	3,379,705	2,899,790	-	-
Directors' emoluments				
Directors of the Company				
- fees	240,000	265,000	150,000	175,000
- others	758,010	752,410	18,800	13,200
Other Directors				
- fees	45,000	45,000	-	-
- others	291,820	300,016	-	-
Research and development expenditure	659,387	618,384	-	-
Realised loss on foreign exchange	-	28,033	-	-
Bad debts written off	-	75,595	-	-
And crediting :				
Gross dividend income receivable from subsidiary companies	-	-	-	400,866
Gain on disposal of plant and equipment	-	13,200	-	-
Interest income	176,900	260,395	11,466	5,722
Realised gain on foreign exchange	138,415	-	-	-

The estimated monetary value of benefits receivable by executive directors of the Group other than in cash amounted to RM64,525 (2002 : RM74,994).



Notes to the Financial Statements

31 May 2003 (cont'd)

12. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Staff costs	7,556,883	6,971,483	97,200	123,200

The number of employees of the Group and of the Company (including executive directors) at the end of the year was 451 (2002 : 439) and 3 (2002 : 4) respectively.

13. TAX EXPENSE

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Current tax expense				
- Based on results for the year	16,200	73,019	3,200	1,200
- (Over)/Under provision in prior years	(330,532)	(10,691)	166	(6,692)
	(314,332)	62,328	3,366	(5,492)
Deferred tax expense				
- Current year	(470,000)	-	-	-
- Prior year	59,000	-	-	-
	(411,000)	-	-	-
	(725,332)	62,328	3,366	(5,492)

The current tax expense of the Group and of the Company is in respect of interest income.

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank/distribute its entire retained profits as at 31 May 2003 if paid out as dividends.

14. BASIC LOSS PER SHARE

The basic loss per share has been calculated based on the consolidated net loss for the year of RM988,657 (2002: RM935,826) and on the number of ordinary shares of RM1 each in issue during the year of 40,000,000 (2002: 40,000,000).



Notes to the Financial Statements

31 May 2003 (cont'd)

15. DIVIDEND - GROUP AND COMPANY

	2003 RM	2002 RM
First and final tax exempt dividend of Nil (2002 : 3 sen per share)	-	1,200,000

16. CONTINGENT LIABILITY, unsecured - COMPANY

	2003 RM	2002 RM
Corporate guarantee issued to licensed banks for banking facilities granted to subsidiary companies	14,000,000	7,400,000

17. RELATED PARTIES

17.1 Identity of related parties

- i) The Company has a controlling related party relationship with its subsidiary companies as disclosed in the financial statements.
- ii) The Company has a controlling related party relationship with the substantial shareholder, TBHL Holdings Sdn. Bhd. in which Messrs. Guan Kok Beng, Guan Kim Heng and Guan Kim Loong have substantial financial interests.
- iii) The Company also has a related party relationship with the key directors and key management personnel of the Company :
 - Guan Kok Beng
 - Guan Kim Heng
 - Guan Kim Loong

17.2 Significant transactions with related parties

There were no transactions with related parties during the financial year other than the remuneration package paid to the directors and key management personnel in accordance with the terms and conditions of their appointment.



Notes to the Financial Statements

31 May 2003 (cont'd)

18. 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 revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

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 location namely Malaysia.

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

	Malaysia RM	Asia RM	Europe RM	Others RM	Consolidated RM
2003					
Revenue from external customers by location of customers	4,199,056	16,706,705	9,102,178	2,566,022	32,573,961
Segment assets by location of assets	53,345,554	-	-	-	53,345,554
Capital expenditure by location of assets	845,084	-	-	-	845,084
2002					
Revenue from external customers by location of customers	3,198,036	25,500,839	5,874,296	3,202,316	37,775,487
Segment assets by location of assets	54,070,023	-	-	-	54,070,023
Capital expenditure by location of assets	2,696,878	-	-	-	2,696,878



Notes to the Financial Statements

31 May 2003 (cont'd)

19. FINANCIAL INSTRUMENTS

Financial risk management and objectives

Exposure to credit, interest rate, foreign exchange risk and liquidity risk arises in the normal course of the Group's and the Company's business. Financial risk management is carried out through risk reviews, internal control systems and operating procedures. The policies for controlling these risks when applicable, and the information on the related exposures are set out below :

Credit risk

Exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers prior to the granting of credit terms.

The Group has no significant concentrations of credit risk at the balance sheet date. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each financial asset.

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 which yield better returns than cash at bank.

Foreign exchange risk

The Group incurs foreign exchange risk mainly from its sales transactions denominated in currencies other than Ringgit Malaysia ("RM"). The currency giving rise to this risk is primarily denominated in the United States Dollar ("USD").

The Group regards the foreign currency risk as minimal as the RM is presently pegged to USD at RM3.80 per 1 USD.

Liquidity risk

The Group manages its liquidity risk by adopting a prudent approach to credit risk and cash flow management. The Group maintains 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.



Notes to the Financial Statements

31 May 2003 (cont'd)

19. FINANCIAL INSTRUMENTS (cont'd)

Effective interest rates and repricing analysis

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

GROUP	Effective interest rate %	Total RM	Within 1 year RM	1-5 years RM
Deposits with licensed banks	2.6	5,251,419	5,251,419	-
COMPANY				
Deposits with licensed banks	2.3	350,000	350,000	-

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables, the carrying amounts approximate fair values due to the relatively short term nature of these financial instruments.

No comparative figures are presented as this is the first year of adoption of MASB 24 Financial Instruments: Disclosure and Presentation.

20. CHANGES IN ACCOUNTING POLICIES

In the current financial year, the Group and the Company adopted five new MASB Standards. The adoption of these standards resulted in changes in accounting policies as follows :-

- MASB 20, Provisions, Contingent Liabilities and Contingent Assets which is applied retrospectively. Comparative figures have not been restated as the previous accounting policy was in line with this accounting standard;
- MASB 22, Segment Reporting and MASB 24, Financial Instruments : Disclosure and Presentation, which have been adopted prospectively; and
- MASB 21, Business Combination and MASB 23, Impairment of Assets which are applied prospectively. The restatement of comparative figures and prior year adjustment are therefore not presented. The adoption of these standards has no material impact on the financial statements.



Analysis of Shareholdings as at 29 August 2003

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

2. ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 29 AUGUST 2003

Size of shareholdings	No. of shareholders	% of total shareholders	No. of Shares	% of total issued capital
Less than 100	2	0.06	100	0.00
100 to 1,000	1,858	54.09	1,855,200	4.64
1,001 to 10,000	1,374	40.00	5,485,200	13.71
10,001 to 100,000	177	5.15	4,633,300	11.58
100,001 to less than 5% of issued shares	22	0.64	10,026,200	25.07
5% and above of issued shares	2	0.06	18,000,000	45.00
TOTAL	3,435	100.00	40,000,000	100.00

3. THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 AUGUST 2003

Name	No. of shares	% of total issued capital
1. TBHL Holdings Sdn. Bhd.	11,630,394	29.08
2. TBHL Holdings Sdn. Bhd.	6,369,606	15.92
3. Guan Kok Beng	1,451,624	3.63
4. Minister of Finance (Akaun Jaminan Pinjaman Kerajaan Persekutuan)	1,315,700	3.29
5. Guan Kim Heng	1,084,036	2.71
6. Lembaga Tabung Angkatan Tentera	1,000,000	2.50
7. Lembaga Tabung Haji	790,000	1.98
8. Guan Kim Loong	742,576	1.86
9. Ting Hon Sum	660,764	1.65
10. Stable Level Sdn. Bhd.	445,000	1.11
11. Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Amanah Saham Johor)	320,000	0.80
12. Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ng Ah Chai)	314,000	0.79
13. Yeoh Kean Hua	210,000	0.53
14. Eu Soon Keat	207,000	0.52
15. Lim Siew Pheng	189,000	0.47
16. Chan Kin Hua	187,000	0.47
17. Chan Beng Teik	179,000	0.45
18. Lo Siew Khooon @ Loh Ha	174,000	0.44
19. Lim Booi Kee	158,000	0.40
20. JMF Asset Management Sdn. Bhd. (Koperasi Kemajuan Tanah Negeri Johor Berhad)	150,000	0.38
21. Ong Ju Seng	120,000	0.30
22. Lim Phaik Har	116,500	0.29
23. Lim Yoke Lin	111,000	0.28
24. Chan Kin Kuan	101,000	0.25
25. Teoh Chee	100,000	0.25
26. Tan Yen Boon	100,000	0.25
27. Yeoh Choo Hoon	87,800	0.22
28. Hong Leong Finance Berhad (Pledge securities account for Lai Kim Fong)	84,000	0.21
29. Syarikat Lean Hong Chan Sdn. Bhd.	80,000	0.20
30. Wong Hok Yim	80,000	0.20



Analysis of Shareholdings as at 29 August 2003 (cont'd)

4. SUBSTANTIAL SHAREHOLDERS AS AT 29 AUGUST 2003

Name	Direct Interest		Deemed Interest	
	No. of shares held	% of total issued capital	No. of shares held	% of total issued capital
1. TBHL Holdings Sdn. Bhd.	18,000,000	45.00	-	-
2. Guan Kok Beng	1,511,624	3.78	*18,000,000	45.00
3. Guan Kim Heng	1,113,036	2.78	*18,000,000	45.00
4. Guan Kim Loong	774,576	1.94	*18,000,000	45.00

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

5. SHAREHOLDING OF DIRECTORS AS AT 29 AUGUST 2003

In the Company

Name	Direct Interest		Deemed Interest	
	No. of shares held	% of total issued capital	No. of shares held	% of total issued capital
Guan Kok Beng	1,511,624	3.78	*18,000,000	45.00
Guan Kim Heng	1,113,036	2.78	*18,000,000	45.00
Guan Kim Loong	774,576	1.94	*18,000,000	45.00
Dato' Noor Ahmad Mokhtar bin Haniff	-	-	-	-
Diong Chin Teck	15,000	0.04	-	-

Note :

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

In 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 29 August 2003.

None of the other directors have any interest in the shares of related corporations as at 29 August 2003.



List of Properties of the Group as at 31 May 2003

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'000)
1. 1168 Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan, 13800 Butterworth.	13 May 1995	3 storey office & 1 storey factory	Office, showroom & factory	Freehold	5.5 years	62,140 / 62,600	4,455
2. 1169 Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan, 13800 Butterworth.	7 November 1992	1 storey factory	Factory	Freehold	*10.5 years	69,535 / 40,947	1,901
3. No. 14 & 16, Lorong Perusahaan Sungai Lokan 3, Taman Perindustrian Baru Butterworth, Sungai Dua, 13800 Butterworth.	27 December 1994	2 storey terrace light industrial building	Store	Freehold	6 years	4,368 / 6,218	647
4. No. 15, Lorong Sungai Lokan 3/2, Sungai Dua, 13800 Butterworth.	7 April 1994	2 storey terrace light industrial building	Store	Freehold	7 years	1,920 / 2,880	268
5. Lot 14, Jalan Perusahaan, Kawasan Perusahaan Kulim, 09000 Kulim, Kedah.	22 March 1995	1 storey factory	Office & factory	Leasehold <i>Expiry: 2080</i>	*7.5 years	86,249 / 38,320	2,190
6. No. 2, Lorong Bakau 3, Kawasan Perusahaan Perabut Sungai Baong, 14200 Sungai Bakap, Seberang Perai Selatan.	24 April 1996	1 storey factory	Office & factory	Freehold	2.5 years	247,420 / 152,163	6,273
7. Plot A9 & A10, Kawasan Perusahaan Perabut Sungai Baong, 14200 Sungai Bakap Seberang Perai Selatan.	24 April 1996	Industrial land	Vacant	Freehold	-	238,278	1,501
Total							<u>17,235</u>

Notes:

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

* Based on the latest upgrading date of building



PROXY FORM
For the 8th 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 Eighth Annual General Meeting of the Company to be held on Thursday, 30 October, 2003 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 2003 together with the Reports of the Directors and Auditors thereon	Resolution 1		
To approve the payment of Directors' fees of RM150,000.00 for the financial year ended 31 May 2003	Resolution 2		
To re-appoint Mr Diong Chin Teck, who retires pursuant to Section 129 of the Companies Act, 1965 as a Director	Resolution 3		
To re-elect Mr Guan Kok Beng, who retires in accordance with Article 126 of the Company's Articles of Association as a Director.	Resolution 4		
To re-appoint Messrs KPMG as the Company's Auditors	Resolution 5		
To empower the Directors to issue and allot shares up to 10% of the issued share capital of the Company	Resolution 6		

(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 _____ 2003.

Signature of Shareholder or Common Seal

Notes :

- 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.
- To be valid the proxy form must be duly completed and deposited at the registered office of the Company, 14A, Jalan Todak 3, Pusat Bandar, Bandar Seberang Jaya, 13700 Seberang Jaya, Prai, not less than forty-eight (48) hours before the time for holding the meeting.
- A member may appoint more than two (2) proxies to attend and vote at the same meeting.
- 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.
- 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)
14A Jalan Todak 3, Pusat Bandar
Bandar Seberang Jaya, 13700 Seberang Jaya
Prai, Penang
Malaysia

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