

EUROSPAN HOLDINGS BERHAD (351927-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 AUGUST 2009

	(Unaudited)	(Audited)
	Quarter	Year
	Ended	Ended
	31-Aug-09	31-May-09
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	26 130	26 558
Prepaid lease payments	320	321
Other investments	1 785	1 783
	28 235	28 662
Current Assets		
Inventories	10 480	11 107
Trade and other receivables	2 059	2 289
Tax refundable	236	343
Cash and cash equivalents	31 950	30 898
	44 725	44 637
TOTAL ASSETS	72 960	73 299
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	40 212	40 212
Reserves	26 934	26 351
	67 146	66 563
Minority Interests	-	-
Total equity	67 146	66 563
Non-Current Liabilities		
Deferred tax liability	1 697	1 929
	1 697	1 929
Current Liabilities		
Trade and other payables	4 117	4 807
Taxation	-	-
	4 117	4 807
Total Liabilities	5 814	6 736
TOTAL EQUITY AND LIABILITIES	72 960	73 299
Net Assets Per Share (sen)	166.98	165.53

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2009.)

(The notes set out on pages 5 to 8 form an integral part of, and, should be read in conjunction with, this interim financial report.)

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED
31 AUGUST 2009**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-09 RM'000	3 months ended 31-Aug-08 RM'000	3 months ended 31-Aug-09 RM'000	3 months ended 31-Aug-08 RM'000
Revenue	<u>14 637</u>	<u>14 260</u>	<u>14 637</u>	<u>14 260</u>
Operating profit	397	1 238	397	1 238
Interest expense	-	-	-	-
Interest income	<u>94</u>	<u>140</u>	<u>94</u>	<u>140</u>
Profit before tax	491	1 378	491	1 378
Tax expense	<u>92</u>	<u>(131)</u>	<u>92</u>	<u>(131)</u>
Profit for the period	<u>583</u>	<u>1 247</u>	<u>583</u>	<u>1 247</u>
Attributable to :				
Shareholders of the Company	583	1 247	583	1 247
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period	<u>583</u>	<u>1 247</u>	<u>583</u>	<u>1 247</u>
Basic earnings per ordinary share (sen)	1.45	3.10	1.45	3.10
Diluted earnings per ordinary share (sen)	1.45	3.10	1.45	3.10

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2009.)

(The notes set out on pages 5 to 8 form an integral part of, and, should be read in conjunction with, this interim financial report.)

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED
31 AUGUST 2009**

		<u>Non Distributable</u>		<u>Distributable</u>	
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Retained Profits RM'000	Total RM'000
Balance as at 1 June 2008	40 212	8 099	148	18 698	67 157
Profit for the period	-	-	-	1 247	1 247
ESOS exercised	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
Share-based payment under ESOS	-	-	27	-	27
Share option reserve expired/lapsed	-	-	(7)	7	-
Dividend	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 August 2008	<u>40 212</u>	<u>8 099</u>	<u>168</u>	<u>19 952</u>	<u>68 431</u>
Balance as at 1 June 2009	40 212	8 099	181	18 071	66 563
Profit for the period	-	-	-	583	583
ESOS exercised	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
Share-based payment under ESOS	-	-	-	-	-
Share option reserve expired/lapsed	-	-	-	-	-
Dividend	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 August 2009	<u>40 212</u>	<u>8 099</u>	<u>181</u>	<u>18 654</u>	<u>67 146</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2009.)

(The notes set out on pages 5 to 8 form an integral part of, and, should be read in conjunction with, this interim financial report.)

EUROSPAN HOLDINGS BERHAD (351927-M)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED
31 AUGUST 2009**

	Cumulative Quarters	
	3 months ended 31-Aug-09 RM'000	3 months ended 31-Aug-08 RM'000
Cash Flows from Operating Activities		
Profit before tax	491	1 378
Adjustments for :		
Non-cash items	710	827
Non-operating items	(94)	(92)
Operating profit before changes in working capital	<u>1 107</u>	<u>2 113</u>
Changes in working capital :		
Net change in current assets	856	(1 520)
Net change in current liabilities	(690)	(261)
Cash flows generated from operations	<u>1 273</u>	<u>332</u>
Tax (paid) / refunded	(32)	(212)
Net cash flows generated from operating activities	<u>1 241</u>	<u>120</u>
Cash Flows from Investing Activities		
Equity investments	-	-
Other investments	(189)	17
Net cash flow used in investing activities	<u>(189)</u>	<u>17</u>
Cash Flows from Financing Activities		
Dividend paid	-	-
ESOS exercised	-	-
Net cash flow used in financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	1 052	137
Cash and cash equivalents at beginning of the period	<u>30 898</u>	<u>26 283</u>
Cash and cash equivalents at end of the period	<u>31 950</u>	<u>26 420</u>
Cash and cash equivalents at end of the period consist of :		
Short Term Fund	6 061	8 790
Deposits with licensed banks	21 306	9 341
Cash and bank balances	4 583	8 289
	<u>31 950</u>	<u>26 420</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2009.)

(The notes set out on pages 5 to 8 form an integral part of, and, should be read in conjunction with, this interim financial report.)

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2009

PART A : REQUIREMENTS OF FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 May 2009.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 May 2009 except for those that have been restated as a result of the change in the accounting policy. Details of these changes in accounting policies are set out in Note A2.

The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2009.

A2 Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 May 2009 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 June 2009 :

FRSs/Interpretations	Effective Date
a Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
b Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
c FRS 7, Financial Instruments: Disclosures	1 January 2010
d FRS 8, Operating Segments	1 July 2009
FRS 101, Presentation of Financial Statements	1 January 2010
e FRS 123, Borrowing Costs	1 January 2010
f Amendments to FRS 132, Financial Instruments : Presentation and FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
g FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
h Amendments to FRS 139, Financial Instruments : Recognition and Measurement, FRS 7, Financial Instruments : Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
i Improvements to FRSs 2009	1 January 2010
j IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
k IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
l IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions	1 January 2010
m IC interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 June 2010.

A2 Changes in accounting policies (Con't)

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8, Operating Segements

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

FRS 101, Presentation of Financial Statements

FRS 101 will become effective for the Group's financial statements for the year ending 31 May 2011. The standard required an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 101 does not have any significant impact on the Group's financial position or results.

Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation

The amendments to FRS 132 and FRS 101 on puttable financial instruments will become effective for the Group's financial statements for the year ending 30 November 2011. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if and only if they meet certain conditions.

The Group does not issue such puttable financial instruments and thus the application of these amendments is not expected to have any significant impact on the Group's financial statements.

Amendments to FRS 139, Financial Instruments : Recognition and Measurements, FRS 7, Financial Instruments : Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives

The amendments to FRS 139 on eligible hedged items will become effective for the Group's financial statements for the year ending 31 May 2011. The amendments clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in two particular situations : (i) the designation of a one-sided risk in a hedged item; and (ii) the designation of inflation in particular situations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

Improvements to FRSs 2009

Improvements to FRSs 2009 will become effective for the Group's financial statements for the year ending 31 May 2011 for amendments relating to :

- a FRS 7, Financial Instruments : Disclosures
- b FRS 8, Operating Segments
- c FRS 101, Presentation of Financial Statements
- d FRS 107, Statement of Cash Flows
- e FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
- f FRS 110, Events after the Reporting Period
- g FRS 116, Property, Plant and Equipment
- h FRS 117, Leases
- i FRS 118, Revenue
- j FRS 119, Employee Benefits
- k FRS 123, Borrowing Costs
- l FRS 127, Consolidated and Separate Financial Statements
- m FRS 134, Interim Financial Reporting

A2 Changes in accounting policies (Con't)

- n FRS 136, Impairment of Assets
- o FRS 138, Intangible Assets
- p FRS 139, Financial Instruments : Recognition and Measurement

Improvements to FRSs 2009 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement and disclosure purposes. The Group is in the process of assessing the impact of these amendments.

A3 Qualification of Financial Statements

The auditors' report of the preceding annual financial statements was not qualified.

A4 Seasonal or Cyclical Factors

The principal business of the Group was not significantly affected by any seasonal or cyclical factors in the current quarter.

A5 Exceptional and Extraordinary Items

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A6 Changes in Estimates

There were no major changes in estimates from those of the prior financial year which have a material effect in the current financial period ended 31 August 2009.

A7 Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share-buy-backs, share-cancellations, shares held as treasury shares and resale of treasury shares during the current financial period ended 31 August 2009.

A8 Dividends Paid

No dividends were paid during the current financial period ended 31 August 2009.

A9 Segmental Information

The Group is principally engaged in the manufacturing and trading of furniture and wood-based products. Segmental information has therefore not been prepared as the Group's revenue and operating profit are mainly confined to one business segment.

A10 Valuation of Property, Plant and Equipment

Not applicable. There is no revaluation of property, plant and equipment.

A11 Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the balance sheet date up to the date of this announcement.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 August 2009.

A13 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at the date of this announcement.

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED

31 AUGUST 2009

PART B : REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED LISTING REQUIREMENTS

B1 Review of Performance

The Group recorded a revenue of RM14.64 million for the current financial period ended 31 August 2009 reflecting an increase of RM0.38 million or 2.6% when compared to the revenue of RM14.26 million in the preceding financial period. The Group registered a profit before tax of RM0.49 million, a decrease of RM0.88 million or 64.4% when compared to the profit before tax of RM1.38 million in the preceding financial period. Overall, the Group were selling at a lower selling price for the current financial period under review.

B2 Variation of Results Against Preceding Quarter

The Group's revenue for the quarter ended 31 August 2009 showed an improvement of 0.3% to RM14.64 million when compared to the revenue of RM14.59 million in the previous quarter ended 31 May 2009. The Group registered a profit before tax of RM491,000, an improvement of 1587.9% when compared to the loss before tax of RM33,000 in the previous quarter. The result was mainly due to the different product mix ratio for the current financial period under review.

B3 Current Year Prospects

Barring unforeseen circumstances, the Board is of the opinion that the Group's performance should be satisfactory for the remaining period to the end of the financial year ending 31 May 2010.

B4 Profit Forecast

Not applicable as the Company did not provide any profit forecast.

B5 Tax Expense

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-09 RM'000	3 months ended 31-Aug-08 RM'000	3 months ended 31-Aug-09 RM'000	3 months ended 31-Aug-08 RM'000
Current tax expense				
Malaysian - Current	135	362	135	362
- Prior years	4	-	4	-
Deferred tax expense				
Malaysian - Current	(231)	(231)	(231)	(231)
- Prior years	-	-	-	-
	<u>(92)</u>	<u>131</u>	<u>(92)</u>	<u>131</u>

The effective rate of taxation of the Group is lower than the statutory rate of taxation principally due to the availability of tax incentives.

B6 Unquoted Investments and Properties

There were no sales of unquoted investments or properties during the current financial period ended 31 August 2009.

B7 Quoted Investments

Particulars of investment in quoted securities :	Current Quarter RM'000	Current Year To Date RM'000
At cost b/f	1 783	1 783
Total additions during the period	2	2
Total disposals during the period	-	-
At cost c/f	<u>1 785</u>	<u>1 785</u>
Market value of quoted investments	<u>1 793</u>	<u>1 793</u>

B8 Status of Corporate Proposal Announced

There were no corporate proposals as at the date of this announcement.

B9 Group Borrowings and Debt Securities

There were no group borrowings and debt securities as at 31 August 2009.

B10 Off Balance Sheet Financial Instruments

The financial instruments with off balance sheet risk as at 19 October 2009 are as follows : -

<u>Instrument</u>	<u>Contract Date</u>	<u>Terms</u>	<u>RM Equivalent</u> <u>RM'000</u>	<u>Foreign Currency</u> <u>000</u>
Foreign Exchange Forward Contracts	Various	1-3 months	3 737	USD1,050

There are no significant market risks associated with the disclosed instruments while the exchange gains or losses on forward contract are recognised in the Income Statements upon realisation.

B11 Changes in Material Litigation

There were no material litigations pending as at the date of this announcement.

B12 Dividends

The directors do not recommend the payment of any dividend for the current financial period ended 31 August 2009.

B13 Earnings Per Share

Basic Earnings Per Share - The basic earnings per share for this quarter is computed based on the Group's net profit of RM583,000 and the weighted average number of ordinary shares of 40,212,500.

Diluted Earnings Per Share - The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per share in accordance with FRS 133, Earnings Per Share.

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
26 October 2009