

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

CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 MAY 2010

	(Unaudited)	(Audited)
	Quarter	Year
	Ended	Ended
	31-May-10	31-May-09
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	25 041	26 558
Prepaid lease payments	317	321
Other investments	987	1 783
	26 345	28 662
Current Assets		
Inventories	12 025	11 107
Trade and other receivables	2 156	2 289
Tax refundable	696	343
Cash and cash equivalents	30 144	30 898
	45 021	44 637
TOTAL ASSETS	71 366	73 299
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	40 462	40 212
Reserves	23 667	26 351
	64 129	66 563
Minority Interests	-	-
Total equity	64 129	66 563
Non-Current Liabilities		
Deferred tax liability	1 570	1 929
	1 570	1 929
Current Liabilities		
Trade and other payables	5 667	4 807
Taxation	-	-
	5 667	4 807
Total Liabilities	7 237	6 736
TOTAL EQUITY AND LIABILITIES	71 366	73 299
Net Assets Per Share (sen)	158.49	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 9 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 YEAR ENDED
31 MAY 2010**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-May-10 RM'000	3 months ended 31-May-09 RM'000	12 months ended 31-May-10 RM'000	12 months ended 31-May-09 RM'000
Revenue	<u>15 909</u>	<u>14 477</u>	<u>62 132</u>	<u>62 797</u>
Operating (loss) / profit	(269)	(255)	(337)	3 390
Interest expense	-	-	-	-
Interest income	<u>141</u>	<u>218</u>	<u>541</u>	<u>547</u>
(Loss) / Profit before tax	(128)	(37)	204	3 937
Tax expense	<u>178</u>	<u>143</u>	<u>155</u>	<u>(568)</u>
Profit for the year	<u>50</u>	<u>106</u>	<u>359</u>	<u>3 369</u>
Attributable to :				
Shareholders of the Company	50	106	359	3 369
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the year	<u>50</u>	<u>106</u>	<u>359</u>	<u>3 369</u>
Basic earnings per ordinary share (sen)	0.12	0.26	0.89	8.38
Diluted earnings per ordinary share (sen)	0.12	0.26	0.89	8.38

(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 9 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 YEAR ENDED
31 MAY 2010**

	<u>Non Distributable</u>			<u>Distributable</u>	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Retained Profits RM'000	
Balance as at 1 June 2008	40 212	8 099	148	18 698	67 157
Profit for the year	-	-	-	3 369	3 369
ESOS exercised	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
Share-based payment under ESOS	-	-	58	-	58
Share option reserve expired/lapsed	-	-	(25)	25	-
Dividend	-	-	-	(4 021)	(4 021)
Balance as at 31 May 2009	<u>40 212</u>	<u>8 099</u>	<u>181</u>	<u>18 071</u>	<u>66 563</u>
Balance as at 1 June 2009	40 212	8 099	181	18 071	66 563
Profit for the year	-	-	-	359	359
ESOS exercised	250	-	-	-	250
Transfer to share premium for ESOS exercised	-	-	-	-	-
Share-based payment under ESOS	-	-	174	-	174
Share option reserve expired/lapsed	-	-	(31)	31	-
Dividend	-	-	-	(3 217)	(3 217)
Balance as at 31 May 2010	<u>40 462</u>	<u>8 099</u>	<u>324</u>	<u>15 244</u>	<u>64 129</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 9 form an integral part of, and, should be read in conjunction with, this interim financial report.)

EUROSPAN HOLDINGS BERHAD (351927-M)
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED
31 MAY 2010**

	Cumulative Quarters	
	12 months ended 31-May-10 RM'000	12 months ended 31-May-09 RM'000
Cash Flows from Operating Activities		
Profit before tax	204	3 937
Adjustments for :		
Non-cash items	2 835	3 170
Non-operating items	<u>(371)</u>	<u>(499)</u>
Operating profit before changes in working capital	2 668	6 608
Changes in working capital :		
Net change in current assets	(785)	4 337
Net change in current liabilities	<u>860</u>	<u>(979)</u>
Cash flows generated from operations	2 743	9 966
Tax paid	<u>(557)</u>	<u>(953)</u>
Net cash flows generated from operating activities	<u>2 186</u>	<u>9 013</u>
Cash Flows from Investing Activities		
Equity investments	-	-
Other investments	<u>27</u>	<u>(377)</u>
Net cash flow generated from / (used in) investing activities	<u>27</u>	<u>(377)</u>
Cash Flows from Financing Activities		
Dividend paid	(3 217)	(4 021)
ESOS exercised	<u>250</u>	<u>-</u>
Net cash flow used in financing activities	<u>(2 967)</u>	<u>(4 021)</u>
Net (decrease)/increase in cash and cash equivalents	(754)	4 615
Cash and cash equivalents at beginning of the year	<u>30 898</u>	<u>26 283</u>
Cash and cash equivalents at end of the year	<u>30 144</u>	<u>30 898</u>
Cash and cash equivalents at end of the year consist of :		
Short Term Fund	6 219	6 028
Deposits with licensed banks	22 922	22 991
Cash and bank balances	<u>1 003</u>	<u>1 879</u>
	<u>30 144</u>	<u>30 898</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 9 form an integral part of, and, should be read in conjunction with, this interim financial report.)

EUROSPAN HOLDINGS BERHAD (351927-M)
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED
31 MAY 2010**

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 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 and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 May 2009. The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

FRSs effective for annual period beginning on or after 1 July 2009

- FRS 8, Operating Segments

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4 Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (Revised)
- FRS 123, Borrowing Costs (Revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- 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
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 132, Financial Instruments : Presentation and FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 139, Financial Instruments : Recognition and Measurement, FRS 7, Financial Instruments : Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Improvements to FRSs 2009
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

Amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments : Presentation - Classification of Right Issue

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1 First-time Adoption of Financial Reporting Standards (Revised)
- FRS 3 Business Combinations (Revised)
- FRS 127 Consolidated and Separate Financial Statements (Revised)
- Amendments to FRS 2, Share-based Payments

A2 Changes in accounting policies (Con't)

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2010 (con't)

- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138 Intangible Assets
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 15 Agreements for the Construction of Real Estate
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners

Amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments

The Group plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 June 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009, 1 January 2010 and 1 March 2010 except for FRS 4, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and the Company.
- from the annual period beginning 1 June 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011 except for Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations, IC Interpretation 12, IC Interpretation 15, IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below

FRS 8, Operating Segments

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.

Improvements to FRSs 2009

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that have material impact are:

FRS 117, Leases

The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 10 prohibits the reversal of an impairment loss that has been recognised in an interim period during a financial year in respect of the following:

- (a) goodwill;
- (b) an investment in an equity instrument; or
- (c) a financial asset carried at cost.

In accordance with the transitional provisions, the Group will apply IC Interpretation 10 to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136, Impairment of Assets and FRS 139, Financial Instruments: Recognition and Measurement respectively. FRS 101 does not have any significant impact on the Group's financial position or results.

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 year ended 31 May 2010.

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 year ended 31 May 2010.

A8 Dividends Paid

The Company paid a final single tier dividend in respect of the year ended 31 May 2009 of 8 sen per ordinary shares, totaling RM3,217,000 on 26 November 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 year ended 31 May 2010.

A13 Contingent Liabilities or Contingent Assets

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

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED

31 MAY 2010

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

B1 Review of Performance

The Group recorded a revenue of RM62.13 million for the current financial year ended 31 May 2010 reflecting an decrease of RM0.67 million or 1.07% when compared to the revenue of RM62.80 million in the preceding financial year. The Group registered a profit before tax of RM0.20 million, a decrease of RM3.74 million or 94.92% when compared to the profit before tax of RM3.94 million in the preceding financial year. Overall, the contrast results is mainly due to different product mix ratio, higher operating costs and appreciation of Ringgit Malaysia for the current financial year under review.

B2 Variation of Results Against Preceding Quarter

The Group's revenue for the quarter ended 31 May 2010 showed increase of 2.91% to RM15.91 million when compared to the revenue of RM15.46 million in the previous quarter ended 28 February 2010. The Group registered a loss before tax of RM0.13 million, a decrease of 79.69% when compared to the loss before tax of RM0.64 million 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 will continue to be positive for the next financial year.

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-May-10 RM'000	3 months ended 31-May-09 RM'000	12 months ended 31-May-10 RM'000	12 months ended 31-May-09 RM'000
Current tax expense				
Malaysian - Current	71	(139)	208	741
- Prior years	-	-	(4)	(1)
Deferred tax expense				
Malaysian - Current	(249)	(3)	(355)	(171)
- Prior years	-	(1)	(4)	(1)
	<u>(178)</u>	<u>(143)</u>	<u>(155)</u>	<u>568</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 year ended 31 May 2010.

B7 Quoted Investments

Particulars of investment in quoted securities :	Current Quarter RM'000	Current Year To Date RM'000
At cost b/f	986	1 783
Total additions during the year	1	4
Total disposals during the year	-	(800)
At cost c/f	<u>987</u>	<u>987</u>
Market value of quoted investments	<u>982</u>	<u>982</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 May 2010.

B10 Off Balance Sheet Financial Instruments

The financial instruments with off balance sheet risk as at 21 July 2010 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	6 596	USD2,300

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 Board recommends a Final Single Tier Dividend of Eight (8) Sen per share for the financial year ended 31 May 2010. This recommendation is subject to shareholders' approval at the forthcoming Annual General Meeting. The date of book closure will be notified in due course.

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 RM0.05 million and the weighted average number of ordinary shares of 40,275,000.

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
28 July 2010