

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2010**

	(Unaudited) Quarter Ended 31-Aug-10 RM'000	(Audited) Year Ended 31-May-10 RM'000 (Restated)
ASSETS		
Non-current Assets		
Property, Plant and Equipment	25,255	25,358
Prepaid lease payments	-	-
Other investments	900	987
	<u>26,155</u>	<u>26,345</u>
Current Assets		
Inventories	12,752	12,025
Trade and other receivables	3,189	2,156
Derivative Financial Assets	170	-
Tax refundable	446	696
Cash and cash equivalents	30,102	30,144
	<u>46,659</u>	<u>45,021</u>
TOTAL ASSETS	<u>72,814</u>	<u>71,366</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	40,462	40,462
Reserves	23,629	23,667
	<u>64,091</u>	<u>64,129</u>
Minority Interests	-	-
Total equity	<u>64,091</u>	<u>64,129</u>
Non-Current Liabilities		
Deferred tax liability	1,213	1,570
	<u>1,213</u>	<u>1,570</u>
Current Liabilities		
Trade and other payables	7,510	5,667
Taxation	-	-
	<u>7,510</u>	<u>5,667</u>
Total Liabilities	<u>8,723</u>	<u>7,237</u>
TOTAL EQUITY AND LIABILITIES	<u>72,814</u>	<u>71,366</u>
Net Assets Per Share (sen)	158.40	158.49

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2010.)

(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 COMPREHENSIVE INCOME
FOR THE PERIOD ENDED
31 AUGUST 2010**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-10 RM'000	3 months ended 31-Aug-09 RM'000	3 months ended 31-Aug-10 RM'000	3 months ended 31-Aug-09 RM'000
Revenue	20,170	14,637	20,170	14,637
Operating (loss) / profit	(170)	397	(170)	397
Interest expense	-	-	-	-
Interest income	127	94	127	94
(Loss) / Profit before tax	(43)	491	(43)	491
Tax expense	(14)	92	(14)	92
(Loss) / Profit for the period	(57)	583	(57)	583
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(57)	583	(57)	583
(Loss) / Profit attributable to :				
Owners of the Parents	(57)	583	(57)	583
Minority interest	-	-	-	-
(Loss) / Profit for the period	(57)	583	(57)	583
Total comprehensive (loss) / income attributable to Owners of the Parent	(57)	583	(57)	583
Minority interest	-	-	-	-
Total comprehensive (loss)/ income for the period	(57)	583	(57)	583
Basic earnings per ordinary share (sen)	(0.14)	1.45	(0.14)	1.45
Diluted earnings per ordinary share (sen)	(0.14)	1.45	(0.14)	1.45

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2010.)

(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 PERIOD ENDED
31 AUGUST 2010**

		<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 2009	40,212	8,099	181	18,071	66,563
Total comprehensive income 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>
Balance as at 1 June 2010	40,462	8,099	324	15,244	64,129
Total comprehensive loss for the period	-	-	-	(57)	(57)
ESOS exercised	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
Share-based payment under ESOS	-	-	19	-	19
Share option reserve expired/lapsed	-	-	(6)	6	-
Dividend	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 August 2010	<u>40,462</u>	<u>8,099</u>	<u>337</u>	<u>15,193</u>	<u>64,091</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 2010.)

(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 STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED
31 AUGUST 2010

	Cumulative Quarters	
	3 months ended	3 months ended
	31-Aug-10	31-Aug-09
	RM'000	RM'000
Cash Flows from Operating Activities		
(Loss)/ Profit before tax	(43)	491
Adjustments for :		
Non-cash items	570	710
Non-operating items	(135)	(94)
Operating profit before changes in working capital	392	1,107
Changes in working capital :		
Net change in current assets	(1,760)	856
Net change in current liabilities	1,843	(690)
Cash flows generated from operations	475	1,273
Tax paid	(120)	(32)
Net cash flows generated from operating activities	355	1,241
Cash Flows from Investing Activities		
Equity investments	-	-
Other investments	(397)	(189)
Net cash flow generated used in investing activities	(397)	(189)
Cash Flows from Financing Activities		
Dividend paid	-	-
ESOS exercised	-	-
Net cash flow used in financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(42)	1,052
Cash and cash equivalents at beginning of the period	30,144	30,898
Cash and cash equivalents at end of the period	30,102	31,950
Cash and cash equivalents at end of the period consist of :		
Short Term Fund	6,246	6,061
Deposits with licensed banks	19,781	21,306
Cash and bank balances	4,075	4,583
	30,102	31,950

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2010.)

(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 PERIOD ENDED
31 AUGUST 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 2010.

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 2010.

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 2010, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations that have material effects on the financial statements of the Group with effect from 1 June 2010.

(a) FRS 101, Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosure of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised directly in equity, either in one single statement, or in two statements. The Group has elected to present this statement in one single statement approach. This Standard does not have any impact on the financial position and results of the Group.

(b) FRS 117, Leases

The amendments requires entity with existing leases of land and building to reassess the classification of land as finance or operating lease. Following the amendments, the Group has reclassified the existing leasehold land to property, plant and equipment, with no effect on reported profit or equity. However, as a result of the adoption of the amendments, comparative balances as at 31 May 2010 has been restated as follows:

	As previously stated RM'000	Effect of adopting amendment to FRS 117 RM'000	As restated RM'000
Property, plant and equipment	25,041	317	25,358
Prepaid lease payments	317	(317)	-

(c) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial statements.

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the statement of financial position were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Group becomes a party to the contractual provisions of the instruments.

A2 Changes in accounting policies (Con't)

The Group has not applied the following Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

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
- 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 and Additional Exemptions for First-time Adopters
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments

- Amendment to FRS 2, Group Cash-settled Share Based Payment
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers

The initial application of the above Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations is not expected to have any significant impacts to the Group.

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 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 period ended 31 August 2010.

A8 Dividends Paid

No dividends were paid during the current financial period ended 31 August 2010.

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 2010.

A13 Contingent Liabilities or Contingent Assets

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

A14 Capital Commitment

Plant and equipment

- contracted but not provided for

**As at
31-Aug-10
RM'000**

125

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31 AUGUST 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 RM20.17 million for the current financial period ended 31 August 2010 reflecting an increase of RM5.53 million or 37.8% when compared to the revenue of RM14.64 million in the preceding financial period. The Group registered a loss before tax of RM0.04 million, a decrease of RM0.53 million or 108.8% when compared to the profit before tax of RM0.49 million in the preceding financial period. Overall, the contrast results is mainly due to different product mix ratio, higher operating costs and appreciation of Ringgit Malaysia for the current financial period under review.

B2 Variation of Results Against Preceding Quarter

The Group's revenue for the quarter ended 31 August 2010 showed increase of 26.8% to RM20.17 million when compared to the revenue of RM15.91 million in the previous quarter ended 31 May 2010. The Group registered a loss before tax of RM0.04 million, an improvement of 66.4% when compared to the loss before tax of RM0.13 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 should be satisfactory for the remaining period to the end of the financial year ending 31 May 2011.

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-10 RM'000	3 months ended 31-Aug-09 RM'000	3 months ended 31-Aug-10 RM'000	3 months ended 31-Aug-09 RM'000
Current tax expense				
Malaysian - Current	371	135	371	135
- Prior years	-	4	-	4
Deferred tax expense				
Malaysian - Current	(357)	(231)	(357)	(231)
- Prior years	-	-	-	-
	<u>14</u>	<u>(92)</u>	<u>14</u>	<u>(92)</u>

The effective tax rate for the current quarter and period ended 31 August 2010 were higher than the statutory income tax rate primarily due to non-allowable expenses.

B6 Unquoted Investments and Properties

There were no sales of unquoted investments or properties during the current financial period ended 31 August 2010.

B7 Quoted Investments

Particulars of investment in quoted securities :	Current Quarter RM'000	Current Year To Date RM'000
At cost b/f	987	987
Total additions during the period	-	-
Total disposals during the period	(87)	(87)
At cost c/f	<u>900</u>	<u>900</u>
Market value of quoted investments	<u>895</u>	<u>895</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 2010.

B10 Derivative Financial Assets

Details of outstanding derivative financial instruments as at 31 August 2010:

Foreign Exchange Forward Contracts :	Contracted Value RM'000	Fair Value RM'000	Gain/ (Loss) RM'000
Within 1 year	7,755	7,585	170

Forward foreign exchange contracts are entered into with licensed banks to hedge part of the Group's sales from exchange rate movements. As the exchange rates are pre-determined under such contracts, the Group is not exposed to any market risk. Given that the contracts are entered into with licensed banks, we are of the view that credit risk is minimal.

B11 Changes in Material Litigation

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

B12 Dividends

The Board has declared a special interim single tier dividend of Forty (40) Sen per share for the financial period ended 31 August 2010.

The special interim dividend will be paid on 24 January 2011 to depositors registered in the Records of Depositors on 10 January 2011.

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

- Shares transferred into the depositor's securities account before 4.00 p.m. on 10 January 2011 in respect of transfers;
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

B13 Earnings Per Share

Basic Earnings Per Share - The basic earnings per share for this quarter is computed based on the Group's net loss of RM0.06 million and the weighted average number of ordinary shares of 40,462,500.

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
25 October 2010