

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

CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 AUGUST 2008

	(Unaudited)	(Audited)
	Quarter	Year
	Ended	Ended
	31-Aug-08	31-May-08
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	28,066	28,272
Prepaid lease payments	324	325
Other investments	7,649	6,706
	36,039	35,303
Current Assets		
Inventories	14,797	11,570
Trade and other receivables	4,457	6,163
Tax refundable	82	130
Cash and cash equivalents	20,553	21,877
	39,889	39,740
TOTAL ASSETS	75,928	75,043
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	40,212	40,212
Reserves	28,219	26,945
	68,431	67,157
Minority Interests	-	-
Total equity	68,431	67,157
Non-Current Liabilities		
Deferred tax liability	1,870	2,100
	1,870	2,100
Current Liabilities		
Trade and other payables	5,525	5,786
Taxation	102	-
	5,627	5,786
Total Liabilities	7,497	7,886
TOTAL EQUITY AND LIABILITIES	75,928	75,043
Net Assets Per Share (sen)	170.18	167.01

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2008.)

(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 2008**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-08 RM'000	3 months ended 31-Aug-07 RM'000	3 months ended 31-Aug-08 RM'000	3 months ended 31-Aug-07 RM'000
Revenue	<u>16,287</u>	<u>21,567</u>	<u>16,287</u>	<u>21,567</u>
Operating profit	1,265	2,381	1,265	2,381
Interest expense	-	-	-	-
Interest income	<u>113</u>	<u>168</u>	<u>113</u>	<u>168</u>
Profit before tax	1,378	2,549	1,378	2,549
Tax expense	<u>(131)</u>	<u>(149)</u>	<u>(131)</u>	<u>(149)</u>
Profit for the period	<u>1,247</u>	<u>2,400</u>	<u>1,247</u>	<u>2,400</u>
Attributable to :				
Shareholders of the Company	1,247	2,400	1,247	2,400
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period	<u>1,247</u>	<u>2,400</u>	<u>1,247</u>	<u>2,400</u>
Basic earnings per ordinary share (sen)	3.10	5.98	3.10	5.98
Diluted earnings per ordinary share (sen)	3.10	5.89	3.10	5.89

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2008.)

(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 2008**

	<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 2007	40,000	8,090	109	15,936	64,135
Profit for the period	-	-	-	2,400	2,400
ESOS exercised	203	-	-	-	203
Transfer to share premium for ESOS exercised	-	9	(9)	-	-
Share-based payment under ESOS	-	-	13	-	13
Share option reserve expired/lapsed	-	-	(8)	8	-
Dividend	-	-	-	-	-
Balance as at 31 August 2007	<u>40,203</u>	<u>8,099</u>	<u>105</u>	<u>18,344</u>	<u>66,751</u>
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	-	-	-	-	-
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>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2008.)

(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 2008**

	Cumulative Quarters	
	3 months ended 31-Aug-08 RM'000	3 months ended 31-Aug-07 RM'000
Cash Flows from Operating Activities		
Profit before tax	1,378	2,549
Adjustments for :		
Non-cash items	827	853
Non-operating items	(92)	(182)
Operating profit before changes in working capital	<u>2,113</u>	<u>3,220</u>
Changes in working capital :		
Net change in current assets	(1,520)	(447)
Net change in current liabilities	(261)	(1,026)
Cash flows generated from operations	<u>332</u>	<u>1,747</u>
Tax (paid) / refunded	(212)	(335)
Net cash flows generated from operating activities	<u>120</u>	<u>1,412</u>
Cash Flows from Investing Activities		
Equity investments	-	-
Other investments	(1,444)	(357)
Net cash flow used in investing activities	<u>(1,444)</u>	<u>(357)</u>
Cash Flows from Financing Activities		
Dividend paid	-	-
ESOS exercised	-	203
Net cash flow used in financing activities	<u>-</u>	<u>203</u>
Net (decrease)/increase in cash and cash equivalents	(1,324)	1,258
Cash and cash equivalents at beginning of the period	<u>21,877</u>	<u>25,964</u>
Cash and cash equivalents at end of the period	<u>20,553</u>	<u>27,222</u>
Cash and cash equivalents at end of the period consist of :		
Deposits with licensed banks	12,264	24,023
Cash and bank balances	8,289	3,199
	<u>20,553</u>	<u>27,222</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2008.)

(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 2008

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 2008.

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 2008 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 2008.

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 2008 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 June 2008 :

FRS 107 Cash Flow Statements
FRS 112 Income Taxes
FRS 118 Revenue
FRS 134 Interim Financial Reporting
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

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 2008.

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 2008.

A8 Dividends Paid

No dividends were paid during the current financial period ended 31 August 2008.

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 2008.

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 2008**

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

B1 Review of Performance

The Group recorded a revenue of RM16.29 million for the current financial period ended 31 August 2008 reflecting a decrease of RM5.28 million or 24.48% when compared to the revenue of RM21.57 million in the preceding financial period. The Group registered a profit before tax of RM1.38 million, an decrease of RM1.17 million or 45.94% when compared to the profit before tax of RM2.55 million in the preceding financial period. The result was due to the lower revenue for the current financial period under review.

B2 Variation of Results Against Preceding Quarter

The Group's revenue for the quarter ended 31 August 2008 showed a decrease of 8.42% to RM16.29 million when compared to the revenue of RM17.78 million in the previous quarter ended 31 May 2008. The Group's profit before tax showed an increase of 6.99% to RM1.38 million when compared to the profit before tax of RM1.29 million in the previous quarter. The result was mainly due the appropriate measures were taken by the Group to control the cost of production, which subsequently increase the profit margin.

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 2009.

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-08	3 months ended 31-Aug-07	3 months ended 31-Aug-08	3 months ended 31-Aug-07
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - Current	362	509	362	509
- Prior years	-	-	-	-
Deferred tax expense				
Malaysian - Current	(231)	(360)	(231)	(360)
- Prior years	-	-	-	-
	<u>131</u>	<u>149</u>	<u>131</u>	<u>149</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 2008.

B7 Quoted Investments

Particulars of investment in quoted securities :	Current Quarter RM'000	Current Year To Date RM'000
At cost b/f	6,706	6,706
Total additions during the period	1,543	1,543
Total disposals during the period	(600)	(600)
At cost c/f	<u>7,649</u>	<u>7,649</u>
Market value of quoted investments	<u>7,619</u>	<u>7,619</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 2008.

B10 Off Balance Sheet Financial Instruments

The financial instruments with off balance sheet risk as at 22 October 2008 are as follows : -

<u>Instrument</u>	<u>Contract Date</u>	<u>Terms</u>	<u>RM Equivalent</u> RM'000	<u>Foreign Currency</u> 000
Foreign Exchange Forward Contracts	Various	1-3 months	9,324	USD2,800

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 2008.

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 RM1.25 million 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
29 October 2008