

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

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AT 31 MAY 2008**

	<b>(Unaudited)</b>	<b>(Restated)</b>
	<b>Quarter</b>	<b>Year</b>
	<b>Ended</b>	<b>Ended</b>
	<b>31-May-08</b>	<b>31-May-07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	28,272	30,168
Prepaid lease payments	325	330
Other investments	6,706	1,500
	35,303	31,998
<b>Current Assets</b>		
Inventories	11,570	11,750
Trade and other receivables	6,163	4,287
Tax refundable	130	83
Cash and cash equivalents	21,877	25,964
	39,740	42,084
<b>TOTAL ASSETS</b>	<b>75,043</b>	<b>74,082</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	40,212	40,000
Reserves	26,945	24,135
	67,157	64,135
<b>Minority Interests</b>	-	-
<b>Total equity</b>	<b>67,157</b>	<b>64,135</b>
<b>Non-Current Liabilities</b>		
Deferred tax liability	2,100	2,297
	2,100	2,297
<b>Current Liabilities</b>		
Trade and other payables	5,786	7,216
Taxation	-	434
	5,786	7,650
<b>Total Liabilities</b>	<b>7,886</b>	<b>9,947</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>75,043</b>	<b>74,082</b>
Net Assets Per Share (sen)	167.01	160.34

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2007.)

(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 2008**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-May-08 RM'000	3 months ended 31-May-07 RM'000	12 months ended 31-May-08 RM'000	12 months ended 31-May-07 RM'000
Revenue	<u>17,784</u>	<u>20,692</u>	<u>73,781</u>	<u>71,434</u>
Operating profit	1,151	1,693	6,291	6,996
Interest expense	-	-	-	-
Interest income	<u>137</u>	<u>143</u>	<u>645</u>	<u>600</u>
Profit before tax	1,288	1,836	6,936	7,596
Tax expense	<u>(148)</u>	<u>(38)</u>	<u>(607)</u>	<u>(819)</u>
Profit for the year	<u>1,140</u>	<u>1,798</u>	<u>6,329</u>	<u>6,777</u>
Attributable to :				
Shareholders of the Company	1,140	1,798	6,329	6,777
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the year	<u>1,140</u>	<u>1,798</u>	<u>6,329</u>	<u>6,777</u>
Basic earnings per ordinary share (sen)	2.84	4.50	15.75	16.94
Diluted earnings per ordinary share (sen)	2.84	4.50	15.67	16.94

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2007.)

(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 CHANGES IN EQUITY  
 FOR THE YEAR ENDED  
 31 MAY 2008**

	Non Distributable			Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Retained Profits RM'000	
<b>Balance as at 1 June 2006</b>	40,000	8,090	48	11,463	59,601
Profit for the period	-	-	-	6,777	6,777
ESOS exercised	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
Share-based payment under ESOS	-	-	61	-	61
Dividend	-	-	-	(2,304)	(2,304)
<b>Balance as at 31 May 2007</b>	<u>40,000</u>	<u>8,090</u>	<u>109</u>	<u>15,936</u>	<u>64,135</u>
<b>Balance as at 1 June 2007</b>	40,000	8,090	109	15,936	64,135
Profit for the year	-	-	-	6,329	6,329
ESOS exercised	212	-	-	-	212
Transfer to share premium for ESOS exercised	-	9	(9)	-	-
Share-based payment under ESOS	-	-	68	-	68
Share option reserve expired/lapsed	-	-	(20)	20	-
Dividend	-	-	-	(3,587)	(3,587)
<b>Balance as at 31 May 2008</b>	<u>40,212</u>	<u>8,099</u>	<u>148</u>	<u>18,698</u>	<u>67,157</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 2007.)

(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 2008**

	<b>Cumulative Quarters</b>	
	<b>12 months ended 31-May-08 RM'000</b>	<b>12 months ended 31-May-07 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	6,936	7,596
Adjustments for :		
Non-cash items	3,431	3,483
Non-operating items	<u>(727)</u>	<u>(627)</u>
Operating profit before changes in working capital	9,640	10,452
Changes in working capital :		
Net change in current assets	(1,696)	(3,502)
Net change in current liabilities	<u>(1,430)</u>	<u>704</u>
Cash flows generated from operations	6,514	7,654
Tax (paid) / refunded	<u>(1,285)</u>	<u>(928)</u>
Net cash flows generated from operating activities	<u>5,229</u>	<u>6,726</u>
<b>Cash Flows from Investing Activities</b>		
Equity investments	-	-
Other investments	<u>(5,941)</u>	<u>(2,439)</u>
Net cash flow used in investing activities	<u>(5,941)</u>	<u>(2,439)</u>
<b>Cash Flows from Financing Activities</b>		
Dividend paid	(3,587)	(2,304)
ESOS exercised	<u>212</u>	<u>-</u>
Net cash flow used in financing activities	<u>(3,375)</u>	<u>(2,304)</u>
Net (decrease)/increase in cash and cash equivalents	(4,087)	1,983
Cash and cash equivalents at beginning of the year	<u>25,964</u>	<u>23,981</u>
Cash and cash equivalents at end of the year	<u>21,877</u>	<u>25,964</u>
Cash and cash equivalents at end of the year consist of :		
Deposits with licensed banks	11,732	23,344
Cash and bank balances	<u>10,145</u>	<u>2,620</u>
	<u>21,877</u>	<u>25,964</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2007.)

(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

### EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 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 2007.

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 2007 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 2007.

##### 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 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 June 2007 :

(a) FRS 117 Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interest in the land element and the building element of the lease at the inception of the lease. Prior to 1 June 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 June 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the following comparative amounts have been restated :

	Previously stated RM'000	Adjustment FRS 117 RM'000	Restated RM'000
<u>At 31 May 2007</u>			
Property, Plant and Equipment	30,498	(330)	30,168
Prepaid lease payments	-	330	330

##### 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 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 year ended 31 May 2008.

#### **A8 Dividends Paid**

On 6 December 2007, the Company paid a First & Final Dividend of Eight (8) Sen less 26% tax amounting to RM2,380,500 in respect of the previous financial year which was approved at the last Annual General Meeting.

On 17 March 2008, the Company paid an interim tax exempt dividend of Three (3) Sen per share amounting to RM1,206,375 in respect of the current financial year.

#### **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 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)

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## EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 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 RM73.78 million for the current financial year ended 31 May 2008 reflecting an increase of RM2.35 million or 3.29% when compared to the revenue of RM71.43 million in the preceding financial year. The Group registered a profit before tax of RM6.94 million, an decrease of RM0.66 million or 8.69% when compared to the profit before tax of RM7.60 million in the preceding financial year. The result from the higher revenue was principally eroded by the appreciation of the Ringgit Malaysia and also the higher operating expenses for the current financial year under review.

#### B2 Variation of Results Against Preceding Quarter

The Group's revenue for the quarter ended 31 May 2008 showed an increase of 8.66% to RM17.78 million when compared to the revenue of RM16.37 million in the previous quarter ended 29 February 2008. The Group's profit before tax showed an increase of 9.32% to RM1.29 million when compared to the profit before tax of RM1.18 million in the previous quarter. The result was due to the higher revenue for the current financial period under review.

#### B3 Current Year Prospects

Based on the positive performance recorded in the current financial year, barring unforeseen circumstances, the Board is of the opinion that the Group's performance will continue to be favourable 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-08 RM'000	3 months ended 31-May-07 RM'000	12 months ended 31-May-08 RM'000	12 months ended 31-May-07 RM'000
Current tax expense				
Malaysian - Current	112	229	784	1,167
- Prior years	1	(42)	20	(41)
Deferred tax expense				
Malaysian - Current	35	(113)	(199)	(271)
- Prior years	-	(36)	2	(36)
	<u>148</u>	<u>38</u>	<u>607</u>	<u>819</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 2008.

## B7 Quoted Investments

Particulars of investment in quoted securities :	Current Quarter RM'000	Current Year To Date RM'000
At cost b/f	1,200	1,500
Total additions during the period	5,506	6,606
Total disposals during the period	-	(1,400)
At cost c/f	<u>6,706</u>	<u>6,706</u>
Market value of quoted investments	<u>6,717</u>	<u>6,717</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 2008.

## B10 Off Balance Sheet Financial Instruments

The financial instruments with off balance sheet risk as at 21 July 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	11,686	USD3,600

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 year ended 31 May 2008.

## B13 Earnings Per Share

Basic earnings per ordinary share

The calculation of basic earnings per share for the current quarter and current year to date based on the net profit attributable to ordinary shareholders of RM1,140,754 and RM6,329,490 respectively and the weighted average number of ordinary shares outstanding are calculated as follows :

Weighted average number of ordinary shares	Current Quarter '000	Current Year To Date '000
At the beginning of the quarter/year	40,212	40,000
Effects of shares issued	-	191
Weighted average number of ordinary shares	<u>40,212</u>	<u>40,191</u>



Diluted earnings per ordinary share

The calculation of diluted earnings per share for the current quarter and current year to date based on the net profit attributable to ordinary shareholders of RM1,140,754 and RM6,329,490 and the weighted average number of ordinary shares (diluted) outstanding are calculated as follows :

Weighted average number of ordinary shares (diluted)	Current Quarter '000	Current Year To Date '000
At the beginning of the quarter/year	40,212	40,191
Effects of shares issued	-	197
Weighted average number of ordinary shares	<u>40,212</u>	<u>40,388</u>

**BY ORDER OF THE BOARD**

Lim Kim Teck (MAICSA 7010844)  
Secretary

Penang  
28 July 2008