

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2011**

	(Unaudited) Quarter Ended 31-Aug-11 RM'000	(Audited) Year Ended 31-May-11 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	25,314	25,641
Other investments - unquoted	-	600
	<u>25,314</u>	<u>26,241</u>
Current Assets		
Inventories	12,418	13,606
Trade and other receivables	3,126	3,274
Derivative financial assets	85	22
Tax refundable	844	837
Cash and cash equivalents	7,055	5,716
	<u>23,528</u>	<u>23,455</u>
TOTAL ASSETS	<u>48,842</u>	<u>49,696</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	44,421	44,421
Reserves	(2,520)	(1,820)
	<u>41,901</u>	<u>42,601</u>
Minority Interests	-	-
Total equity	<u>41,901</u>	<u>42,601</u>
Non-Current Liabilities		
Deferred tax liability	407	868
	<u>407</u>	<u>868</u>
Current Liabilities		
Trade and other payables	4,634	5,069
Derivative financial liabilities	-	-
Short term borrowings	1,900	1,158
	<u>6,534</u>	<u>6,227</u>
Total Liabilities	<u>6,941</u>	<u>7,095</u>
TOTAL EQUITY AND LIABILITIES	<u>48,842</u>	<u>49,696</u>
Net Assets Per Share (sen)	94.33	95.90

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2011)

(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 2011**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-11 RM'000	3 months ended 31-Aug-10 RM'000	3 months ended 31-Aug-11 RM'000	3 months ended 31-Aug-10 RM'000
Revenue	16,790	20,170	16,790	20,170
Operating loss	(1,185)	(170)	(1,185)	(170)
Interest expense	-	-	-	-
Interest income	24	127	24	127
Loss before tax	(1,161)	(43)	(1,161)	(43)
Tax expense	461	(14)	461	(14)
Loss for the period	(700)	(57)	(700)	(57)
Other comprehensive income for the period	-	-	-	-
Total comprehensive expense for the period	(700)	(57)	(700)	(57)
Loss attributable to :				
Owners of the Company	(700)	(57)	(700)	(57)
Minority interest	-	-	-	-
Loss for the period	(700)	(57)	(700)	(57)
Total comprehensive expense attributable to :				
Owners of the Company	(700)	(57)	(700)	(57)
Minority interest	-	-	-	-
Total comprehensive expense for the period	(700)	(57)	(700)	(57)
Basic earnings per ordinary share (sen)	(1.58)	(0.14)	(1.58)	(0.14)
Diluted earnings per ordinary share (sen)	(1.58)	(0.14)	(1.58)	(0.14)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2011)

(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 2011**

	<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/ (Accumulated losses) RM'000	
Balance as at 1 June 2010, restated	40,463	8,099	324	15,357	64,243
Total comprehensive expense for the period	-	-	-	(57)	(57)
ESOS exercised	-	-	-	-	-
Share-based payment transactions	-	-	19	-	19
Transfer from share option reserve for share options exercised and lapsed	-	-	(6)	6	-
Dividend to owners of the Company	-	-	-	-	-
Total contribution from/distribution to owners	-	-	13	6	19
Balance as at 31 August 2010	<u>40,463</u>	<u>8,099</u>	<u>337</u>	<u>15,306</u>	<u>64,205</u>
Balance as at 1 June 2011	44,421	8,375	87	(10,282)	42,601
Total comprehensive expense for the period	-	-	-	(700)	(700)
ESOS exercised	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-
Transfer from share option reserve for share options exercised and lapsed	-	-	-	-	-
Dividend to owners of the Company	-	-	-	-	-
Total contribution from/distribution to owners	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
Balance as at 31 August 2011	<u>44,421</u>	<u>8,375</u>	<u>87</u>	<u>(10,982)</u>	<u>41,901</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 2011)

(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 CASH FLOWS
FOR THE PERIOD ENDED
31 AUGUST 2011

	Cumulative Quarters	
	3 months ended 31-Aug-11 RM'000	3 months ended 31-Aug-10 RM'000
Cash Flows from Operating Activities		
Loss before tax	(1,161)	(43)
Adjustments for :		
Non-cash items	625	570
Non-operating items	(93)	(135)
Operating (loss)/ profit before changes in working capital	<u>(629)</u>	<u>392</u>
Changes in working capital :		
Net change in current assets	1,336	(1,760)
Net change in current liabilities	(435)	1,843
Cash flows generated from operations	<u>272</u>	<u>475</u>
Tax paid	(7)	(120)
Net cash flows from operating activities	<u>265</u>	<u>355</u>
Cash Flows from Investing Activities		
Equity investments	-	-
Other investments	332	(397)
Net cash flow from/(used in) investing activities	<u>332</u>	<u>(397)</u>
Cash Flows from Financing Activities		
Dividend paid	-	-
ESOS exercised	-	-
Drawdown of short term borrowings	742	-
Net cash flow used in financing activities	<u>742</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,339	(42)
Cash and cash equivalents at beginning of the period	<u>5,716</u>	<u>30,144</u>
Cash and cash equivalents at end of the period	<u>7,055</u>	<u>30,102</u>
Cash and cash equivalents at end of the period consist of :		
Short Term Fund	1,094	6,246
Deposits with licensed banks	3,712	19,781
Cash and bank balances	<u>2,249</u>	<u>4,075</u>
	<u>7,055</u>	<u>30,102</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2011)

(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 PERIOD ENDED
31 AUGUST 2011**

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 of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 31 May 2011.

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 2011.

Adoption of new and revised FRSs, IC Interpretation and Amendments

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate

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.

A2 Qualification of Financial Statements

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

A3 Seasonal or Cyclical Factors

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

A4 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.

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31 AUGUST 2011**

PART A : REQUIREMENTS OF FRS 134 INTERIM FINANCIAL REPORTING

A5 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 2011.

A6 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 2011.

A7 Dividends Paid

No dividends were paid during the current financial period ended 31 August 2011.

A8 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.

A9 Valuation of Property, Plant and Equipment

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

A10 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.

A11 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 2011.

A12 Contingent Liabilities or Contingent Assets

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

A13 Capital Commitment

Plant and equipment

- contracted but not provided for

**As at
31-Aug-11
RM'000**

460

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31 AUGUST 2011**

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

B1 Review of Performance

The Group recorded a revenue of RM16.79 million for the current financial period ended 31 August 2011 reflecting an decrease of RM3.38 million or 16.76% when compared to the revenue of RM20.17 million in the preceding financial period. The Group registered a loss before tax of RM1.16 million, an increase in loss of RM1.12 million when compared to the loss before tax of RM0.04 million in the preceding financial period. Overall, the contrast results were mainly due to the appreciation of Ringgit Malaysia, different product mix and higher operating costs for the current financial period under review.

B2 Variation of Results Against Preceding Quarter

The Group's revenue for the quarter ended 31 August 2011 showed an increase of 21.49% to RM2.97 million when compared to the revenue of RM13.82 million in the previous quarter ended 31 May 2011. The Group registered a loss before tax of RM1.16 million, an improvement of 53.04% when compared to the loss before tax of RM2.47 million in the previous quarter. The result was mainly due to the higher revenue 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 2012.

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-11 RM'000	3 months ended 31-Aug-10 RM'000	3 months ended 31-Aug-11 RM'000	3 months ended 31-Aug-10 RM'000
Current tax expense				
Malaysian - Current	-	371	-	371
- Prior years	-	-	-	-
Deferred tax expense				
Malaysian - Current	(461)	(357)	(461)	(357)
- Prior years	-	-	-	-
	<u>(461)</u>	<u>14</u>	<u>(461)</u>	<u>14</u>

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

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31 AUGUST 2011**

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

B6 Unquoted Investments and Properties

Particulars of investment in quoted securities :	Current Quarter RM'000	Current Year To Date RM'000
At cost b/f	600	600
Total additions during the period	-	-
Total disposals during the period	(600)	(600)
At cost c/f	-	-
Market value of unquoted investments	-	-

B7 Status of Corporate Proposal Announced

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

B8 Group Borrowings and Debt Securities

The group borrowings and debt securities were as follows :

	As at current financial quarter ended 31 August 2011 RM'000	As at preceding financial quarter ended 31 May 2011 RM'000
Short term borrowings - unsecured Trust Receipt	1,900	1,158

The borrowings were denominated in USD currency.

B9 Derivative Financial Assets

Details of outstanding derivative financial instruments as at 31 August 2011:

Foreign Exchange Forward Contracts :	Contracted Value RM'000	Fair Value RM'000	Gain/ (Loss) RM'000
Within 1 year			
- Used to hedge trade receivables	909	824	85

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.

B10 Changes in Material Litigation

There were no material litigations pending 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 2011**

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

B11 Dividends

The directors do not recommend the payment of any dividend for the current financial period ended 31 August 2011.

B12 Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-11	3 months ended 31-Aug-10	3 months ended 31-Aug-11	3 months ended 31-Aug-10
(Loss)/ Profit attributable to owners of the Company (RM'000)	(700)	(57)	(700)	(57)
Weighted average number of ordinary shares in issue ('000)	44,421	40,462	44,421	40,462
Basic earnings per share (sen)	(1.58)	(0.14)	(1.58)	(0.14)

(b) Diluted

Diluted earnings per share is same as basic earnings per share due to:

- potential ordinary shares are not treated as dilutive as their conversion to ordinary shares decrease the loss per share from continuing operations.

B13 Realised and Unrealised Profit/ (Loss)

The breakdown of retained profits/ (accumulated losses) of the Group as at the reporting date, into realised and unrealised profit is as follows:

	As at 31-Aug-11 RM'000	As at 31-May-11 RM'000
The retained profits/ (accumulated losses) of the Group		
- Realised	19,696	20,741
- Unrealised	(470)	(777)
	<u>19,226</u>	<u>19,964</u>
Less : Consolidation adjustments	<u>(30,208)</u>	<u>(30,246)</u>
	<u>(10,982)</u>	<u>(10,282)</u>

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
31 October 2011