

**EUROSPAN HOLDINGS BERHAD** (351927-M)

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 NOVEMBER 2011**

	(Unaudited) Quarter Ended 30-Nov-11 RM'000	(Audited) Year Ended 31-May-11 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	24,990	25,641
Other investments - unquoted	-	600
	<u>24,990</u>	<u>26,241</u>
<b>Current Assets</b>		
Inventories	12,457	13,606
Trade and other receivables	2,719	3,274
Derivative financial assets	-	22
Tax refundable	846	837
Cash and cash equivalents	7,951	5,716
	<u>23,973</u>	<u>23,455</u>
<b>TOTAL ASSETS</b>	<u>48,963</u>	<u>49,696</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	44,421	44,421
Reserves	(2,233)	(1,820)
	<u>42,188</u>	<u>42,601</u>
<b>Minority Interests</b>	-	-
<b>Total equity</b>	<u>42,188</u>	<u>42,601</u>
<b>Non-Current Liabilities</b>		
Deferred tax liability	-	868
	<u>-</u>	<u>868</u>
<b>Current Liabilities</b>		
Trade and other payables	4,846	5,069
Derivative financial liabilities	267	-
Short term borrowings	1,662	1,158
	<u>6,775</u>	<u>6,227</u>
<b>Total Liabilities</b>	<u>6,775</u>	<u>7,095</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>48,963</u>	<u>49,696</u>
Net Assets Per Share (sen)	94.97	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  
30 NOVEMBER 2011**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-11 RM'000	3 months ended 30-Nov-10 RM'000	6 months ended 30-Nov-11 RM'000	6 months ended 30-Nov-10 RM'000
Revenue	15,477	16,005	32,267	36,175
Operating loss	(127)	(1,439)	(1,312)	(1,609)
Interest expense	(14)	-	(14)	-
Interest income	27	142	51	269
Loss before tax	(114)	(1,297)	(1,275)	(1,340)
Tax expense	400	303	862	289
Profit /(Loss) for the period	286	(994)	(413)	(1,051)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(expense) for the period	286	(994)	(413)	(1,051)
Profit/(Loss) attributable to :				
Owners of the Company	286	(994)	(413)	(1,051)
Minority interest	-	-	-	-
Profit/(Loss) for the period	286	(994)	(413)	(1,051)
Total comprehensive income/(expense) attributable to :				
Owners of the Company	286	(994)	(413)	(1,051)
Minority interest	-	-	-	-
Total comprehensive income/(expense) for the period	286	(994)	(413)	(1,051)
Basic earnings per ordinary share (sen)	0.64	(2.36)	(0.93)	(2.50)
Diluted earnings per ordinary share (sen)	0.64	(2.36)	(0.93)	(2.50)

(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  
 30 NOVEMBER 2011**

	Non Distributable		Share	Distributable	
	Share	Share	Option	Retained	
	Capital	Premium	Reserve	Profits/ (Accumulated losses)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 June 2010, restated</b>	40,463	8,099	324	15,357	64,243
Total comprehensive expense for the period	-	-	-	(1,051)	(1,051)
ESOS exercised	2,715	-	-	-	2,715
Share-based payment transactions	-	-	38	-	38
Transfer from share option reserve for share options exercised and lapsed	-	198	(198)	-	-
Share option reserve expired/lapsed	-	-	(11)	11	-
Dividend to owners of the Company	-	-	-	-	-
Total contribution from/distribution to owners	2,715	198	(171)	11	2,753
<b>Balance as at 30 November 2010</b>	<u>43,178</u>	<u>8,297</u>	<u>153</u>	<u>14,317</u>	<u>65,945</u>
<b>Balance as at 1 June 2011</b>	44,421	8,375	87	(10,282)	42,601
Total comprehensive expense for the period	-	-	-	(413)	(413)
ESOS exercised	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-
Transfer from share option reserve for share options exercised and lapsed	-	-	-	-	-
Share option reserve expired/lapsed	-	-	-	-	-
Dividend to owners of the Company	-	-	-	-	-
Total contribution from/distribution to owners	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
<b>Balance as at 30 November 2011</b>	<u>44,421</u>	<u>8,375</u>	<u>87</u>	<u>(10,695)</u>	<u>42,188</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)  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED**  
**30 NOVEMBER 2011**

	<b>Cumulative Quarters</b>	
	<b>6 months ended 30-Nov-11 RM'000</b>	<b>6 months ended 30-Nov-10 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(1,275)	(1,340)
Adjustments for :		
Non-cash items	1,167	1,693
Non-operating items	231	(291)
Operating (loss)/ profit before changes in working capital	123	62
Changes in working capital :		
Net change in current assets	1,704	(1,827)
Net change in current liabilities	(223)	(365)
Cash flows generated from operations	1,604	(2,130)
Tax paid	(15)	(264)
Net cash flows from operating activities	1,589	(2,394)
<b>Cash Flows from Investing Activities</b>		
Equity investments	-	-
Other investments	142	(631)
Net cash flow from/(used in) investing activities	142	(631)
<b>Cash Flows from Financing Activities</b>		
Dividend paid	-	-
ESOS exercised	-	2,715
Drawdown of short term borrowings	504	-
Net cash flow used in financing activities	504	2,715
Net increase/(decrease) in cash and cash equivalents	2,235	(310)
Cash and cash equivalents at beginning of the period	5,716	30,144
Cash and cash equivalents at end of the period	7,951	29,834
Cash and cash equivalents at end of the period consist of :		
Short Term Fund	1,100	38
Deposits with licensed banks	3,880	23,843
Cash and bank balances	2,971	5,953
	7,951	29,834

(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  
30 NOVEMBER 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  
30 NOVEMBER 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 30 November 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 30 November 2011.

**A7 Dividends Paid**

No dividends were paid during the current financial period ended 30 November 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 30 November 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  
30-Nov-11  
RM'000**

324

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED  
30 NOVEMBER 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 RM32.27 million for the current financial period ended 30 November 2011 reflecting an decrease of RM3.91 million or 10.80% when compared to the revenue of RM36.18 million in the preceding financial period. The Group registered a loss before tax of RM1.28 million, reduced by RM0.06 million when compared to the loss before tax of RM1.34 million in the preceding financial period. Overall, the improved results were mainly due to different product mix and lower operating costs for the current financial period under review.

**B2 Variation of Results Against Preceding Quarter**

The Group's revenue for the quarter ended 30 November 2011 showed a decrease of 7.82% to RM15.48 million when compared to the revenue of RM16.79 million in the previous quarter ended 31 August 2011. The Group registered a loss before tax of RM0.11 million, reduced by RM1.07 million when compared to the loss before tax of RM1.16 million in the previous quarter. The result was mainly due to different product mix and lower operating costs in the current financial period.

**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 30-Nov-11 RM'000	3 months ended 30-Nov-10 RM'000	6 months ended 30-Nov-11 RM'000	6 months ended 30-Nov-10 RM'000
Current tax expense				
Malaysian - Current	6	18	6	389
- Prior years	-	-	-	-
Deferred tax expense				
Malaysian - Current	(406)	(321)	(868)	(678)
- Prior years	-	-	-	-
	<u>(400)</u>	<u>(303)</u>	<u>(862)</u>	<u>(289)</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  
30 NOVEMBER 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	<u>-</u>	<u>-</u>
Market value of unquoted investments	<u>-</u>	<u>-</u>

**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 30 November 2011 RM'000	As at preceding financial quarter ended 31 May 2011 RM'000
Short term borrowings - unsecured Trust Receipt	<u>1,662</u>	<u>1,158</u>

The borrowings were denominated in USD currency.

**B9 Derivative Financial Liabilities**

Details of outstanding derivative financial instruments as at 30 November 2011:

Foreign Exchange Forward Contracts :	Contracted Value RM'000	Fair Value RM'000	Loss RM'000
Within 1 year			
- Used to hedge trade receivables	12,979	13,246	<u>267</u>

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  
30 NOVEMBER 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 30 November 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.

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended 30-Nov-11</b>	<b>3 months ended 30-Nov-10</b>	<b>6 months ended 30-Nov-11</b>	<b>6 months ended 30-Nov-10</b>
Profit/(Loss) attributable to owners of the Company (RM'000)	286	(994)	(413)	(1,051)
Weighted average number of ordinary shares in issue ('000)	44,421	42,049	44,421	42,049
Basic earnings per share (sen)	0.64	(2.36)	(0.93)	(2.50)

(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:

	<b>As at 30-Nov-11 RM'000</b>	<b>As at 31-May-11 RM'000</b>
The retained profits/ (accumulated losses) of the Group		
- Realised	19,807	20,741
- Unrealised	(267)	(777)
	<u>19,540</u>	<u>19,964</u>
Less : Consolidation adjustments	<u>(30,235)</u>	<u>(30,246)</u>
	<u><u>(10,695)</u></u>	<u><u>(10,282)</u></u>

**BY ORDER OF THE BOARD**

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
22 December 2011