

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 NOVEMBER 2010**

	(Unaudited) Quarter Ended 30-Nov-10 RM'000	(Audited) Year Ended 31-May-10 RM'000 (Restated)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	24,918	25,358
Prepaid lease payments	-	-
Other investments	900	987
	<u>25,818</u>	<u>26,345</u>
<b>Current Assets</b>		
Inventories	12,998	12,025
Trade and other receivables	3,010	2,156
Derivative Financial Assets	-	-
Tax refundable	571	696
Cash and cash equivalents	29,834	30,144
	<u>46,413</u>	<u>45,021</u>
<b>TOTAL ASSETS</b>	<u>72,231</u>	<u>71,366</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	43,177	40,462
Reserves	22,654	23,667
	<u>65,831</u>	<u>64,129</u>
<b>Minority Interests</b>	-	-
<b>Total equity</b>	<u>65,831</u>	<u>64,129</u>
<b>Non-Current Liabilities</b>		
Deferred tax liability	892	1,570
	<u>892</u>	<u>1,570</u>
<b>Current Liabilities</b>		
Trade and other payables	5,302	5,667
Derivative Financial Liabilities	206	-
	<u>5,508</u>	<u>5,667</u>
<b>Total Liabilities</b>	<u>6,400</u>	<u>7,237</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>72,231</u>	<u>71,366</u>
Net Assets Per Share (sen)	152.47	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 10 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 2010**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-10 RM'000	3 months ended 30-Nov-09 RM'000	6 months ended 30-Nov-10 RM'000	6 months ended 30-Nov-09 RM'000
Revenue	16,005	16,129	36,175	30,766
Operating (loss) / profit	(1,439)	335	(1,609)	731
Interest expense	-	-	-	-
Interest income	142	149	269	244
(Loss) / Profit before tax	(1,297)	484	(1,340)	975
Tax expense	303	(73)	289	19
(Loss) / Profit for the period	(994)	411	(1,051)	994
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(994)	411	(1,051)	994
(Loss) / Profit attributable to :				
Owners of the Parent	(994)	411	(1,051)	994
Minority interest	-	-	-	-
(Loss) / Profit for the period	(994)	411	(1,051)	994
Total comprehensive (loss) / income attributable to Owners of the Parent	(994)	411	(1,051)	994
Minority interest	-	-	-	-
Total comprehensive (loss)/ income for the period	(994)	411	(1,051)	994
Basic (loss)/ earnings per ordinary share (sen)	(2.36)	1.02	(2.50)	2.47
Diluted (loss)/ earnings per ordinary share (sen)	(2.35)	1.02	(2.48)	2.47

(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 10 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 2010**

		<u>Non Distributable</u>		<u>Distributable</u>	
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Share Option Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total RM'000</b>
<b>Balance as at 1 June 2009</b>	40,212	8,099	181	18,071	66,563
Total comprehensive income for the period	-	-	-	994	994
ESOS exercised	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
Share-based payment under ESOS	-	-	-	-	-
Share option reserve expired/lapsed	-	-	-	-	-
Dividend	-	-	-	(3,217)	(3,217)
	<u>40,212</u>	<u>8,099</u>	<u>181</u>	<u>15,848</u>	<u>64,340</u>
<b>Balance as at 30 November 2009</b>	<u>40,212</u>	<u>8,099</u>	<u>181</u>	<u>15,848</u>	<u>64,340</u>
<b>Balance as at 1 June 2010</b>	40,462	8,099	324	15,244	64,129
Total comprehensive loss for the period	-	-	-	(1,051)	(1,051)
ESOS exercised	2,715	-	-	-	2,715
Transfer to share premium for ESOS exercised	-	198	(198)	-	-
Share-based payment under ESOS	-	-	38	-	38
Share option reserve expired/lapsed	-	-	(11)	11	-
Dividend	-	-	-	-	-
	<u>43,177</u>	<u>8,297</u>	<u>153</u>	<u>14,204</u>	<u>65,831</u>
<b>Balance as at 30 November 2010</b>	<u>43,177</u>	<u>8,297</u>	<u>153</u>	<u>14,204</u>	<u>65,831</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 10 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 2010**

	<b>Cumulative Quarters</b>	
	<b>6 months ended 30-Nov-10 RM'000</b>	<b>6 months ended 30-Nov-09 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
(Loss)/ Profit before tax	(1,340)	975
Adjustments for :		
Non-cash items	1,693	1,434
Non-operating items	(291)	(264)
Operating profit before changes in working capital	<u>62</u>	<u>2,145</u>
Changes in working capital :		
Net change in current assets	(1,827)	343
Net change in current liabilities	(365)	73
Cash flows (used in) generated from operations	<u>(2,130)</u>	<u>2,561</u>
Tax paid	(264)	(200)
Net cash flows (used in) generated from operating activities	<u>(2,394)</u>	<u>2,361</u>
<b>Cash Flows from Investing Activities</b>		
Equity investments	-	-
Other investments	(631)	389
Net cash flow (used in) generated from investing activities	<u>(631)</u>	<u>389</u>
<b>Cash Flows from Financing Activities</b>		
Dividend paid	-	(3,217)
ESOS exercised	2,715	-
Net cash flow generated from (used in) financing activities	<u>2,715</u>	<u>(3,217)</u>
Net decrease in cash and cash equivalents	(310)	(467)
Cash and cash equivalents at beginning of the period	<u>30,144</u>	<u>30,899</u>
Cash and cash equivalents at end of the period	<u><u>29,834</u></u>	<u><u>30,432</u></u>
Cash and cash equivalents at end of the period consist of :		
Short Term Fund	38	6,116
Deposits with licensed banks	23,843	15,530
Cash and bank balances	5,953	8,786
	<u><u>29,834</u></u>	<u><u>30,432</u></u>

(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 10 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 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:

	<b>As previously stated RM'000</b>	<b>Effect of adopting amendment to FRS 117 RM'000</b>	<b>As restated RM'000</b>
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 30 November 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 30 November 2010.

**A8 Dividends Paid**

No dividends were paid during the current financial period ended 30 November 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 30 November 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**

	<b>As at 30-Nov-10 RM'000</b>
Plant and equipment	
- contracted but not provided for	<u>125</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED  
30 NOVEMBER 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 RM36.18 million for the current financial period ended 30 November 2010 reflecting an increase of RM5.41 million or 17.6% when compared to the revenue of RM30.77 million in the preceding financial period. The Group registered a loss before tax of RM1.34 million, a decrease of RM2.32 million or 237.4% when compared to the profit before tax of RM0.98 million in the preceding financial period. Overall, the contrast results is mainly due to the appreciation of Ringgit Malaysia, different product mix ratio 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 30 November 2010 showed a decrease of 20.6% to RM16.01 million when compared to the revenue of RM20.17 million in the previous quarter ended 31 August 2010. The Group registered a loss before tax of RM1.30 million, increase in loss of 2916.3% when compared to the loss before tax of RM0.04 million in the previous quarter. The result was mainly due to the appreciation of Ringgit Malaysia, lower revenue and 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 30-Nov-10 RM'000	3 months ended 30-Nov-09 RM'000	6 months ended 30-Nov-10 RM'000	6 months ended 30-Nov-09 RM'000
Current tax expense				
Malaysian - Current	18	68	389	203
- Prior years	-	(8)	-	(4)
Deferred tax expense				
Malaysian - Current	(321)	17	(678)	(214)
- Prior years	-	(4)	-	(4)
	<u>(303)</u>	<u>73</u>	<u>(289)</u>	<u>(19)</u>

The effective tax rate for the current quarter and period ended 30 November 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 30 November 2010.



## B7 Quoted Investments

Particulars of investment in quoted securities :	Current Quarter RM'000	Current Year To Date RM'000
At cost b/f	900	987
Total additions during the period	-	-
Total disposals during the period	-	(87)
At cost c/f	<u>900</u>	<u>900</u>
Market value of quoted investments	<u>897</u>	<u>897</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 30 November 2010.

## B10 Derivative Financial Liabilities

Details of outstanding derivative financial instruments as at 30 November 2010:

Foreign Exchange Forward Contracts :	Contracted Value RM'000	Fair Value RM'000	Gain/ (Loss) RM'000
Within 1 year			
- Used to hedge trade receivables	10,631	10,818	(187)
- Used to hedge trade payables	421	402	(19)
Total			<u>(206)</u>

Forward foreign exchange contracts are entered into with licensed banks to hedge part of the Group's sales and purchases 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 directors do not recommend the payment of any dividend for the current financial period ended 30 November 2010.

## B13 Earnings Per Share

### (a) Basic

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

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-10	3 months ended 30-Nov-09	6 months ended 30-Nov-10	6 months ended 30-Nov-09
(Loss)/ Profit attributable to owners of the parent(RM'000)	(994)	411	(1,051)	994
Weighted average number of ordinary shares in issue ('000)	42,049	40,212	42,049	40,212
Basic (loss)/ earning per share (sen)	(2.36)	1.02	(2.50)	2.47

## B13 Earnings Per Share

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit/(loss) for the period attributable to owners of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of share options granted to employees.

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-10	3 months ended 30-Nov-09	6 months ended 30-Nov-10	6 months ended 30-Nov-09
(Loss)/ Profit attributable to owners of the parent(RM'000)	(994)	411	(1,051)	994
Weighted average number of ordinary shares in issue ('000)	42,049	40,212	42,049	40,212
Effects of dilution:				
- Share options	258	-	258	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	42,307	40,212	42,307	40,212
Diluted (loss)/ earning per share (sen)	(2.35)	1.02	(2.48)	2.47

### BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
24 January 2011