

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

(Incorporated in Malaysia)

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

	<b>(Unaudited) Quarter Ended 31-May-11 RM'000</b>	<b>(Audited) Year Ended 31-May-10 RM'000 (Restated)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	25,641	25,358
Prepaid lease payments	-	-
Other investments - unquoted	500	600
Other investments - quoted	100	387
	<u>26,241</u>	<u>26,345</u>
<b>Current Assets</b>		
Inventories	13,606	12,025
Trade and other receivables	3,274	2,156
Derivative financial assets	22	113
Tax refundable	836	696
Cash and cash equivalents	5,716	30,144
	<u>23,454</u>	<u>45,134</u>
<b>TOTAL ASSETS</b>	<u>49,695</u>	<u>71,479</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	44,422	40,462
Reserves	(1,822)	23,780
	<u>42,600</u>	<u>64,242</u>
<b>Minority Interests</b>	-	-
<b>Total equity</b>	<u>42,600</u>	<u>64,242</u>
<b>Non-Current Liabilities</b>		
Deferred tax liability	868	1,570
	<u>868</u>	<u>1,570</u>
<b>Current Liabilities</b>		
Trade and other payables	5,069	5,667
Derivative financial liabilities	-	-
Short term borrowings	1,158	-
	<u>6,227</u>	<u>5,667</u>
<b>Total Liabilities</b>	<u>7,095</u>	<u>7,237</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>49,695</u>	<u>71,479</u>
Net Assets Per Share (sen)	95.90	158.77

(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 YEAR ENDED  
31 MAY 2011**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-May-11 RM'000	3 months ended 31-May-10 RM'000	12 months ended 31-May-11 RM'000	12 months ended 31-May-10 RM'000
Revenue	<u>13,821</u>	<u>15,905</u>	<u>62,537</u>	<u>62,128</u>
Operating loss	(2,491)	(156)	(5,730)	(224)
Interest expense	-	-	-	-
Interest income	<u>17</u>	<u>141</u>	<u>374</u>	<u>541</u>
(Loss) / Profit before tax	(2,474)	(15)	(5,356)	317
Tax expense	<u>310</u>	<u>178</u>	<u>712</u>	<u>155</u>
(Loss) / Profit for the period / year	(2,164)	163	(4,644)	472
Other comprehensive income for the period / year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (expense) / income for the period	<u>(2,164)</u>	<u>163</u>	<u>(4,644)</u>	<u>472</u>
(Loss) / Profit attributable to :				
Owners of the Company	(2,164)	163	(4,644)	472
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) / Profit for the period / year	<u>(2,164)</u>	<u>163</u>	<u>(4,644)</u>	<u>472</u>
Total comprehensive (expense) / income attributable to :				
Owners of the Company	(2,164)	163	(4,644)	472
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (expense)/ income for the period / year	<u>(2,164)</u>	<u>163</u>	<u>(4,644)</u>	<u>472</u>
Basic earnings per ordinary share (sen)	(4.87)	0.40	(10.88)	1.17
Diluted earnings per ordinary share (sen)	(4.87)	0.40	(10.88)	1.17

(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 YEAR ENDED  
 31 MAY 2011**

	Non Distributable			Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Retained Profits/ (Accumulated losses) RM'000	
<b>Balance as at 1 June 2009</b>	40,212	8,099	181	18,071	66,563
Total comprehensive income for the year	-	-	-	472	472
ESOS exercised	250	-	-	-	250
Share-based payment transactions	-	-	174	-	174
Transfer from share option reserve for share options exercised and lapsed	-	-	(31)	31	-
Dividend to owners of the Company	-	-	-	(3,217)	(3,217)
Total contribution from/distribution to owners	250	-	143	(3,186)	(2,793)
<b>Balance as at 31 May 2010</b>	<u>40,462</u>	<u>8,099</u>	<u>324</u>	<u>15,357</u>	<u>64,242</u>
<b>Balance as at 1 June 2010</b>	40,462	8,099	324	15,357	64,242
Total comprehensive expense for the year	-	-	-	(4,644)	(4,644)
ESOS exercised	3,960	2	-	-	3,962
Share-based payment transactions	-	-	49	-	49
Transfer from share option reserve for share options exercised and lapsed	-	-	(13)	13	-
Dividend to owners of the Company	-	-	-	(21,009)	(21,009)
Total contribution from/distribution to owners	3,960	2	36	(20,996)	(16,998)
Transfer to share premium for ESOS exercised	-	273	(273)	-	-
<b>Balance as at 31 May 2011</b>	<u>44,422</u>	<u>8,374</u>	<u>87</u>	<u>(10,283)</u>	<u>42,600</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 YEAR ENDED  
31 MAY 2011**

	<b>Cumulative Quarters</b>	
	<b>12 months ended 31-May-11 RM'000</b>	<b>12 months ended 31-May-10 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
(Loss)/ Profit before tax	(5,356)	317
Adjustments for :		
Non-cash items	3,028	2,835
Non-operating items	(397)	(484)
Operating (loss)/ profit before changes in working capital	<u>(2,725)</u>	<u>2,668</u>
Changes in working capital :		
Net change in current assets	(2,699)	(785)
Net change in current liabilities	(598)	860
Cash flows (used in)/ generated from operations	<u>(6,022)</u>	<u>2,743</u>
Tax paid	(130)	(557)
Net cash flows (used in)/ from operating activities	<u>(6,152)</u>	<u>2,186</u>
<b>Cash Flows from Investing Activities</b>		
Equity investments	-	-
Other investments	(2,387)	27
Net cash flow (used in)/ from investing activities	<u>(2,387)</u>	<u>27</u>
<b>Cash Flows from Financing Activities</b>		
Dividend paid	(21,009)	(3,217)
ESOS exercised	3,962	250
Drawdown of short term borrowings	1,158	-
Net cash flow used in financing activities	<u>(15,889)</u>	<u>(2,967)</u>
Net decrease in cash and cash equivalents	(24,428)	(754)
Cash and cash equivalents at beginning of the year	<u>30,144</u>	<u>30,898</u>
Cash and cash equivalents at end of the year	<u><u>5,716</u></u>	<u><u>30,144</u></u>
Cash and cash equivalents at end of the year consist of :		
Short Term Fund	441	6,219
Deposits with licensed banks	3,728	22,922
Cash and bank balances	<u>1,547</u>	<u>1,003</u>
	<u><u>5,716</u></u>	<u><u>30,144</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 YEAR ENDED  
31 MAY 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.

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 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 by the Group in this interim financial report are consistent with those of the audited financial statements for the year ended 31 May 2010, except for the adoption of the following new and revised 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 (Revised), Presentation of Financial Statements

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) Amendments to FRS 117, Leases

The amendments requires entity with existing leases of land 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:

	As previously stated RM'000	Effect of adopting amendment to FRS 117 RM'000	As restated RM'000
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)

### (c) FRS 139, Financial Instruments: Recognition and Measurement (Con't)

The following are the effects arising from the changes in the accounting policies as at 1 June 2010 upon the first application of FRS 139 :

	<b>As previously stated RM'000</b>	<b>Effect of adopting to FRS 139 RM'000</b>	<b>As restated RM'000</b>
Derivative Financial Assets	-	113	113
Reserves	23,667	113	23,780

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 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 Transaction
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

#### **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.

## 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 2011.

#### **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 2011.

#### **A8 Dividends Paid**

The Company paid:-

- i) First and final single tier dividend in respect of financial year ended 31 May 2010 of 8 sen per ordinary shares, totalling RM3,240,040 on 6 December 2010.
- ii) Special interim single tier dividend in respect of financial year ended 31 May 2011 of 40 sen per ordinary share, totalling RM17,768,680 on 24 January 2011.

#### **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 2011.

#### **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 31-May-11 RM'000</b>
Plant and equipment	
- contracted but not provided for	<u>486</u>

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED  
31 MAY 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 RM62.54 million for the current financial year ended 31 May 2011 reflecting an increase of RM409,000 or 0.7% when compared to the revenue of RM62.13 million in the preceding financial year. The Group registered a loss before tax of RM5.36 million, a decrease of RM5.67 million or 1789.6% when compared to the profit before tax of RM0.31 million in the preceding financial year. Overall, the contrast results was mainly due to the appreciation of Ringgit Malaysia, different product mix and higher operating costs for the current financial year under review.

**B2 Variation of Results Against Preceding Quarter**

The Group's revenue for the quarter ended 31 May 2011 showed an increase of 10.2% to RM13.82 million when compared to the revenue of RM12.54 million in the previous quarter ended 28 February 2011. The Group registered a loss before tax of RM2.47 million, increase in loss of 73.1% when compared to the loss before tax of RM1.42 million in the previous quarter. The result was mainly due to the appreciation of Ringgit Malaysia, different product mix and higher operating costs for the current financial period under review.

**B3 Current Year Prospects**

The Group is cautious of the current economic challenges especially the appreciation of Ringgit Malaysia. However, appropriate measures will be taken to mitigate the impacts on the Group's performance.

**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-11 RM'000	3 months ended 31-May-10 RM'000	12 months ended 31-May-11 RM'000	12 months ended 31-May-10 RM'000
Current tax expense				
Malaysian - Current	(292)	71	(14)	208
- Prior years	4	-	4	(4)
Deferred tax expense				
Malaysian - Current	(22)	(249)	(702)	(355)
- Prior years	-	-	-	(4)
	<u>(310)</u>	<u>(178)</u>	<u>(712)</u>	<u>(155)</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.

**B6 Unquoted Investments and Properties**

Particulars of investment in unquoted 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	(100)	(100)
At cost c/f	<u>500</u>	<u>500</u>
Market value of unquoted investments	<u>508</u>	<u>508</u>

**B7 Quoted Investments**

Particulars of investment in quoted securities :	Current Quarter RM'000	Current Year To Date RM'000
At cost b/f	100	387
Total additions during the period	-	-
Total disposals during the period	-	(287)
At cost c/f	<u>100</u>	<u>100</u>
Market value of quoted investments	<u>99</u>	<u>99</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**

The group borrowings and debt securities were as follows :

	As at current financial quarter ended 31 May 2011 RM'000	As at preceding financial quarter ended 28 February 2011 RM'000
Short term borrowings - secured Trust Receipts	<u>1,158</u>	<u>-</u>

The borrowings were denominated in USD currency.

**B10 Derivative Financial Assets**

Details of outstanding derivative financial instruments as at 31 May 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	13,961	13,939	<u>22</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.

**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 final dividend for the current financial year ended 31 May 2011.

## 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 Company by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-May-11	3 months ended 31-May-10	12 months ended 31-May-11	12 months ended 31-May-10
(Loss)/ Profit attributable to owners of the Company (RM'000)	(2,164)	163	(4,644)	472
Weighted average number of ordinary shares in issue ('000)	44,422	40,296	42,671	40,233
Basic earnings per share (sen)	(4.87)	0.40	(10.88)	1.17

### (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.

## B14 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-May-11 RM'000	As at 28-Feb-11 RM'000
The retained profits/ (accumulated losses) of the Group		
- Realised	(9,346)	(7,255)
- Unrealised	(937)	(978)
	<u>(10,283)</u>	<u>(8,233)</u>

## BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
25 July 2011