

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2012**

	(Unaudited) 30-Nov-12 RM'000	(Audited) 31-May-12 RM'000
<b>ASSETS</b>		
Property, plant and equipment	22,266	21,449
Other investments	500	500
<b>Total non-current assets</b>	<u>22,766</u>	<u>21,949</u>
Trade and other receivables	3,784	5,070
Inventories	8,787	10,683
Derivative financial assets	7	-
Current tax assets	249	257
Cash and cash equivalents	13,020	12,087
<b>Total current assets</b>	<u>25,847</u>	<u>28,097</u>
<b>TOTAL ASSETS</b>	<u><u>48,613</u></u>	<u><u>50,046</u></u>
<b>EQUITY</b>		
Share capital	44,421	44,421
Reserves	(3,730)	(5,589)
<b>Total equity attributable to owners of the Company</b>	<u>40,691</u>	<u>38,832</u>
<b>LIABILITIES</b>		
Deferred tax liabilities	354	-
<b>Total non-current liabilities</b>	<u>354</u>	<u>-</u>
Borrowings	3,016	2,890
Trade and other payables	4,488	7,841
Derivative financial liabilities	64	483
<b>Total current liabilities</b>	<u>7,568</u>	<u>11,214</u>
<b>Total liabilities</b>	<u>7,922</u>	<u>11,214</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>48,613</u></u>	<u><u>50,046</u></u>
Net assets per share (sen)	91.60	87.42

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2012.)

(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 SIX MONTHS ENDED 30 NOVEMBER 2012 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-12 RM'000	3 months ended 30-Nov-11 RM'000	6 months ended 30-Nov-12 RM'000	6 months ended 30-Nov-11 RM'000
<b>Continuing operations</b>				
Revenue	15,513	15,477	33,330	32,267
Cost of sales	(12,479)	(13,568)	(27,393)	(29,725)
<b>Gross profit</b>	<u>3,034</u>	<u>1,909</u>	<u>5,937</u>	<u>2,542</u>
Distribution expenses	(484)	(457)	(1,026)	(949)
Administrative expenses	(1,836)	(1,495)	(3,287)	(2,900)
Finance costs	(15)	(9)	(31)	(14)
Other expenses	(63)	(60)	(108)	(140)
Other incomes	58	(2)	743	186
<b>Profit/(loss) before tax</b>	<u>694</u>	<u>(114)</u>	<u>2,228</u>	<u>(1,275)</u>
Income tax expense	(91)	400	(369)	862
<b>Profit/(Loss) for the period</b>	<u>603</u>	<u>286</u>	<u>1,859</u>	<u>(413)</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (expense) for the period	<u><u>603</u></u>	<u><u>286</u></u>	<u><u>1,859</u></u>	<u><u>(413)</u></u>
Basic earnings per ordinary share (sen)	1.36	0.64	4.18	(0.93)
Diluted earnings per ordinary share (sen)	1.36	0.64	4.18	(0.93)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2012.)

(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 SIX MONTHS ENDED 30 NOVEMBER 2012 (UNAUDITED)**

	Share capital RM'000	Non Distributable Share premium RM'000	Share option reserve RM'000	Distributable Retained profits/ (Accumulated losses) RM'000	Total RM'000
<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)
<b>Balance as at 30 November 2011</b>	44,421	8,375	87	(10,695)	42,188
<b>Balance as at 1 June 2012</b>	44,421	8,375	80	(14,044)	38,832
Total comprehensive income for the period	-	-	-	1,859	1,859
<b>Balance as at 30 November 2012</b>	44,421	8,375	80	(12,185)	40,691

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2012.)

(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 CASH FLOWS  
FOR SIX MONTHS ENDED 30 NOVEMBER 2012 (UNAUDITED)**

	Cumulative Quarters	
	6 months ended 30-Nov-12 RM'000	6 months ended 30-Nov-11 RM'000
<b>Cash Flows from Operating Activities</b>		
Profit / (Loss) before tax	2,228	(1,275)
Adjustments for :		
Depreciation on property, plant and equipment	592	1,167
Property written-off	170	-
Gain on disposal of other investment	-	(10)
Loss on disposal of plant and equipment	-	2
Interest income	(116)	(51)
Fair value (gain)/loss on derivatives	(426)	289
Operating profit before changes in working capital	2,448	122
Changes in working capital :		
Trade and other receivables	1,286	555
Inventories	1,896	1,150
Trade and other payables	(3,352)	(223)
Cash flows generated from operations	2,278	1,604
Tax paid	(8)	(15)
Net cash flows generated from operating activities	2,270	1,589
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of other investment	-	610
Purchase of property, plant and equipment	(1,579)	(631)
Proceeds from disposal of plant & equipment	-	112
Interest received	116	51
Net cash flow (used in)/generated from investing activities	(1,463)	142
<b>Cash Flows from Financing Activities</b>		
Drawdown of bank borrowing	126	504
Net cash flow generated from financing activities	126	504
Net increase in cash and cash equivalents	933	2,235
Cash and cash equivalents at beginning of the period	12,087	5,716
Cash and cash equivalents at end of the period	13,020	7,951
Cash and cash equivalents at end of the period consist of :		
Short term Fund	1,142	1,100
Deposits with licensed banks	7,933	3,880
Cash and bank balances	3,945	2,971
	13,020	7,951

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2012.)

(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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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 NOVEMBER 2012**

**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.

This interim financial report should be read in conjunction with the Group's annual audited financial statements for the year ended 31 May 2012. These explanation notes attached to the interim financial report provides an explanation of events and transactions that are significant for an understanding of the financial position and performance of the Group for the financial period ended 30 November 2012.

The accounting policies and methods of computation adopted for the interim financial report is consistent with those adopted by the Group in the audited financial statements for the year ended 31 January 2012, except for the adoption of Malaysia Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 January 2012. The Group adopted the MFRS framework with effect from 1 June 2012. The adoption of MFRS framework do not have significant impact on the financial statements of 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.

**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 2012.

**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 2012.

**A7 Dividends Paid**

No dividends were paid during the current financial period ended 30 November 2012.

**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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 NOVEMBER 2012**

**PART A : REQUIREMENTS OF FRS 134 INTERIM FINANCIAL REPORTING**

**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 2012.

**A12 Contingent Liabilities or Contingent Assets**

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

**A13 Capital Commitment**

	<b>As at 30-Nov-12 RM'000</b>
Plant and equipment	
- contracted but not provided for	<u>385</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 NOVEMBER 2012  
PART B : REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED  
LISTING REQUIREMENTS**

**B1 Review of Performance**

The Group recorded a revenue of RM33.33 million for the current financial period ended 30 November 2012 reflecting an increase of RM1.06 million or 3.29% when compared to the revenue of RM32.27 million in the preceding financial period. The Group registered a profit before tax of RM2.23 million, an improvement of RM3.50 million when compared to the loss before tax of RM1.28 million in the preceding financial period. Overall, the improved results was mainly due to different product mix for the current financial period under review.

**B2 Variation of Results Against Preceding Quarter**

The Group recorded a revenue of RM15.51 million for the current quarter ended 30 November 2012 reflecting a decrease of RM2.31 million or 12.94% when compared to the revenue of RM17.82 million in the previous quarter ended 31 August 2012. The Group registered a profit before tax of RM0.69 million when compared to the profit before tax of RM1.53 million in the previous quarter. The result was mainly due to lower revenue, written-off of property amounting to RM170,000 and written-off of bad debts amounting to RM145,000 in the current quarter.

**B3 Current Year Prospects**

Barring any unforeseen changes in the global economic climate and market conditions, the Group will continue to be cautious on the challenge ahead. The management will continue its effort in improving its operating results.

**B4 Profit Forecast**

Not applicable as the Company did not provide any profit forecast.

**B5 Tax Expense**

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended 30-Nov-12 RM'000</b>	<b>3 months ended 30-Nov-11 RM'000</b>	<b>6 months ended 30-Nov-12 RM'000</b>	<b>6 months ended 30-Nov-11 RM'000</b>
Current tax expense				
Malaysian - Current	13	6	20	6
- Prior years	(5)	-	(5)	-
Deferred tax expense				
Malaysian - Current	83	(406)	354	(868)
	<u>91</u>	<u>(400)</u>	<u>369</u>	<u>(862)</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 brought forward.

**B6 Status of Corporate Proposal Announced**

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 NOVEMBER 2012  
PART B : REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED  
LISTING REQUIREMENTS**

**B7 Group Borrowings and Debt Securities**

The group borrowings and debt securities were as follows:

	<b>30-Nov-12</b>	<b>31-May-12</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings - unsecured		
Trust receipt	3,016	2,890

Borrowings are denominated in US Dollars.

**B8 Derivative Financial Assets / Liabilities**

Details of outstanding derivative financial instruments as at 30 November 2012:

Foreign Exchange Forward Contracts :	Contracted	Fair Value	Gain/(Loss)
	RM'000	RM'000	RM'000
Within 1 year			
- Used to hedge trade receivables	12,643	12,707	(64)
- Used to hedge trade payables	983	990	7
			<u>(57)</u>

Forward foreign exchange contracts are entered into with licensed banks to hedge part of the Group's sales and purchase from exchange rate movements. As the exchange rates are pre-determined under such contracts, the Group is not exposed to any market risk.

**B9 Changes in Material Litigation**

There were no material litigations pending as at the date of this announcement.

**B10 Dividends**

The directors do not recommend the payment of any dividend for the current financial period ended 30 November 2012.

**B11 Earnings Per Share**

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.

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30-Nov-12</b>	<b>30-Nov-11</b>	<b>30-Nov-12</b>	<b>30-Nov-11</b>
Profit / (Loss) attributable to owners of the parent (RM'000)	603	286	1,859	(413)
Weighted average number of ordinary shares in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings/(loss) per share (sen)	1.36	0.64	4.18	(0.93)



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

**B11 Earnings Per Share (Con't)**

Diluted earnings per share for the financial period ended 30 November 2012 is not computed and presented, as the effect of the ESOS is anti-dilutive.

**B12 Additional Disclosures**

Included in the condensed consolidated statement of comprehensive income for the period are the followings:

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-12 RM'000	3 months ended 30-Nov-11 RM'000	6 months ended 30-Nov-12 RM'000	6 months ended 30-Nov-11 RM'000
Bad debts written off	145	-	145	-
Depreciation of property, plant and equipment	296	541	592	1,167
Property written off	170	-	170	-
Gain on disposal of other investment	-	-	-	(10)
Loss on disposal of plant and equipment	-	-	-	2
Gain on foreign exchange	(41)	(322)	(684)	(417)
Interest expenses	15	9	31	14
Interest income	(58)	(27)	(116)	(51)
Fair value (gain)/loss on derivatives	145	351	(426)	289

**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/(loss) are as follows:

	As at 30-Nov-12 RM'000	As at 31-May-12 RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	14,986	13,244
- Unrealised	(411)	(483)
	<u>14,575</u>	<u>12,761</u>
Less : Consolidation adjustments	<u>(26,760)</u>	<u>(26,805)</u>
	<u>(12,185)</u>	<u>(14,044)</u>

**BY ORDER OF THE BOARD**

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
30 January 2013