

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MAY 2012**

	(Unaudited) 31-May-12 RM'000	(Audited) 31-May-11 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	21,449	25,641
Other investments	500	600
	<u>21,949</u>	<u>26,241</u>
<b>Current Assets</b>		
Inventories	10,683	13,606
Trade and other receivables	3,083	3,274
Derivative financial assets	-	22
Tax refundable	256	837
Cash and cash equivalents	12,087	5,716
	<u>26,109</u>	<u>23,455</u>
<b>TOTAL ASSETS</b>	<u>48,058</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	(5,589)	(1,820)
	<u>38,832</u>	<u>42,601</u>
<b>Minority Interests</b>	-	-
<b>Total equity</b>	<u>38,832</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	5,853	5,069
Derivative financial liabilities	483	-
Short term borrowings	2,890	1,158
	<u>9,226</u>	<u>6,227</u>
<b>Total Liabilities</b>	<u>9,226</u>	<u>7,095</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>48,058</u>	<u>49,696</u>
Net assets per share (sen)	87.42	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 YEAR ENDED  
31 MAY 2012**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-May-12 RM'000	3 months ended 31-May-11 RM'000	12 months ended 31-May-12 RM'000	12 months ended 31-May-11 RM'000
<b>Continuing operations</b>				
Revenue	15,949	13,820	63,958	62,536
Cost of sales	(14,828)	(14,340)	(57,677)	(60,408)
<b>Gross profit / (loss)</b>	<u>1,121</u>	<u>(520)</u>	<u>6,281</u>	<u>2,128</u>
Distribution expenses	(446)	(383)	(1,867)	(1,828)
Administrative expenses	(1,785)	(1,349)	(6,185)	(5,730)
Finance cost	(17)	-	(39)	-
Other expenses	(3,184)	(194)	(3,380)	(380)
Other income	(192)	(28)	553	454
<b>Loss before tax</b>	<u>(4,503)</u>	<u>(2,474)</u>	<u>(4,637)</u>	<u>(5,356)</u>
Income tax expense	(3)	311	855	712
<b>Loss for the period / year</b>	<u>(4,506)</u>	<u>(2,163)</u>	<u>(3,782)</u>	<u>(4,644)</u>
Other comprehensive income for the period / year	-	-	-	-
Total comprehensive expense for the period / year	<u>(4,506)</u>	<u>(2,163)</u>	<u>(3,782)</u>	<u>(4,644)</u>
Profit/(Loss) attributable to :				
Owners of the Parent	(4,506)	(2,163)	(3,782)	(4,644)
Minority interest	-	-	-	-
<b>Loss for the period / year</b>	<u>(4,506)</u>	<u>(2,163)</u>	<u>(3,782)</u>	<u>(4,644)</u>
Total comprehensive loss attributable to				
Owners of the Parent	(4,506)	(2,163)	(3,782)	(4,644)
Minority interest	-	-	-	-
Total comprehensive expense for the period / year	<u>(4,506)</u>	<u>(2,163)</u>	<u>(3,782)</u>	<u>(4,644)</u>
Basic earnings per ordinary share (sen)	(10.14)	(5.07)	(8.51)	(10.88)
Diluted earnings per ordinary share (sen)	(10.14)	(5.07)	(8.51)	(10.88)

(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 YEAR ENDED  
31 MAY 2012**

	<u>Non Distributable</u>		<u>Distributable</u>	<b>Total RM'000</b>	
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Share option reserve RM'000</b>		<b>Retained profits/ losses) (Accumulated RM'000</b>
<b>Balance as at 1 June 2010</b>	40,462	8,099	324	15,358	64,243
Total comprehensive expense for the period	-	-	-	(4,644)	(4,644)
ESOS exercised	3,959	2	-	-	3,961
Transfer to share premium for ESOS exercised	-	273	(273)	-	-
Share-based payment under ESOS	-	-	50	-	50
Share option expired/lapsed	-	-	(13)	13	-
Dividends	-	-	-	(21,009)	(21,009)
<b>Balance as at 31 May 2011</b>	<u>44,421</u>	<u>8,374</u>	<u>88</u>	<u>(10,282)</u>	<u>42,601</u>
<b>Balance as at 1 June 2011</b>	44,421	8,374	88	(10,282)	42,601
Total comprehensive expense for the period	-	-	-	(3,782)	(3,782)
Share-based payment under ESOS	-	-	13	-	13
Share option expired/lapsed	-	-	(21)	21	-
<b>Balance as at 31 May 2012</b>	<u>44,421</u>	<u>8,374</u>	<u>80</u>	<u>(14,043)</u>	<u>38,832</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 YEAR ENDED  
31 MAY 2012**

	Cumulative Quarters	
	12 months ended 31-May-12 RM'000	12 months ended 31-May-11 RM'000
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(4,637)	(5,356)
Adjustments for :		
Depreciation on property, plant and equipment	2,062	2,864
Gain on disposal of other investment	(10)	(9)
Loss/(Gain) on disposal of plant and equipment	2	(19)
Plant and equipment written off	-	24
Impairment loss on plant and equipment	3,147	-
Interest income	(117)	(374)
Fair value loss on derivatives	506	91
Share-based payments	13	50
Operating profit/(loss) before changes in working capital	<u>966</u>	<u>(2,729)</u>
Changes in working capital :		
Trade and other receivables	191	(1,118)
Inventories	2,923	(1,581)
Trade and other payables	785	(598)
Cash flows generated from/(used in) operations	<u>4,865</u>	<u>(6,026)</u>
Tax refunded/(paid)	567	(130)
Net cash flows generated from/(used in) operating activities	<u>5,432</u>	<u>(6,156)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of other investment	(500)	-
Proceeds from disposal of other investment	610	397
Purchase of property, plant and equipment	(1,133)	(3,172)
Proceeds from disposal of plant & equipment	113	19
Interest received	117	374
Net cash flow used in investing activities	<u>(793)</u>	<u>(2,382)</u>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	-	(21,009)
Drawdown of bank borrowing	1,732	1,158
Proceeds from shares issued under ESOS	-	3,961
Net cash flow generated from/(used in) financing activities	<u>1,732</u>	<u>(15,890)</u>
Net increase/(decrease) in cash and cash equivalents	6,371	(24,428)
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>12,087</u>	<u>5,716</u>
Cash and cash equivalents at end of the period consist of :		
Short term Fund	1,124	441
Deposits with licensed banks	7,401	3,728
Cash and bank balances	3,562	1,547
	<u>12,087</u>	<u>5,716</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)**  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED  
31 MAY 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

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 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 Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

**FRSS, Interpretations and 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
- Additional Exemption for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- Improvements to FRSS (2010)

At the date of authorisation of this interim financial report, the following FRSS, IC Interpretations and Amendments were issued but not yet effective and have not been applied by the Group:

**FRSS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

- FRS 124, Related Party Disclosures (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Severe
- Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets
- Amendments to FRS 112, Income Taxes - Deferred Tax: Recovery of Underlying Assets

**FRSS, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012**

- Amendments to FRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

**FRSS, Interpretations and amendments effective for annual periods beginning on or after 1 July 2013**

- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
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31 MAY 2012**

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

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

- Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015**

- FRS 9, Financial Instruments (2009)  
FRS 9, Financial Instruments (2010)  
Amendments to FRS 7, Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures

The initial applications of the above FRSs, interpretations and amendments did not have any material impact on this interim report of the Group.

The Group's financial statements for annual period beginning on 1 June 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the above FRSs, Interpretations and amendments that will be effective for annual periods beginning on or after 1 January 2012, 1 July 2012, 1 January 2013, 1 January 2014 and 1 January 2015.

**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 year ended 31 May 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 year ended 31 May 2012.

**A7 Dividends Paid**

No dividends were paid during the current financial year ended 31 May 2012.

**EUROSPAN HOLDINGS BERHAD (351927-M)**  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
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**PART A : REQUIREMENTS OF FRS 134 INTERIM FINANCIAL REPORTING**

**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 year ended 31 May 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 31-May-12 RM'000</b>
Plant and equipment	
- contracted but not provided for	<u>1,027</u>

**EUROSPAN HOLDINGS BERHAD** (351927-M)  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED  
31 MAY 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 RM63.96 million for the current financial year ended 31 May 2012 reflecting an increase of RM1.42 million or 2.3% when compared to the revenue of RM62.54 million in the preceding financial year. The Group registered a loss before tax of RM4.64 million, an improvement of RM0.72 million or 13.43% when compared to the loss before tax of RM5.36 million in the preceding financial year. Overall, the improved results was mainly due to different product mix for the current financial year under review.

**B2 Variation of Results Against Preceding Quarter**

The Group recorded a revenue of RM15.95 million for the current financial period ended 31 May 2012 reflecting an increase of RM0.21 million or 1.33% when compared to the revenue of RM15.74 million in the previous quarter ended 29 February 2012. The Group registered a loss before tax of RM4.50 million when compared to the profit before tax of RM1.14 million in the previous quarter. The result was mainly due to impairment of plant and equipment of RM3.15 million, different product mix, increase in the operating expenses, fair value loss on derivatives and appreciation of Ringgit Malaysia for the current financial period under review.

**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 31-May-12 RM'000</b>	<b>3 months ended 31-May-11 RM'000</b>	<b>12 months ended 31-May-12 RM'000</b>	<b>12 months ended 31-May-11 RM'000</b>
Current tax expense				
Malaysian - Current	3	(293)	13	(14)
- Prior years		4	-	4
Deferred tax expense				
Malaysian - Current	-	(22)	(868)	(702)
- Prior years	-	-	-	-
	<u>3</u>	<u>(311)</u>	<u>(855)</u>	<u>(712)</u>

The effective tax rate for the current year ended 31 May 2012 was higher than the statutory income tax rate primarily due to tax on the non-operating income.

**B6 Status of Corporate Proposal Announced**

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



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**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>31-May-12</b>	<b>31-May-11</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings - unsecured Trust receipt	2,890	1,158

**B8 Derivative Financial Liabilities**

Details of outstanding derivative financial instruments as at 31 May 2012:

Foreign Exchange Forward Contracts :	Contracted RM'000	Fair Value RM'000	Gain/(Loss) RM'000
Within 1 year			
- Used to hedge trade receivables	10,210	10,561	(351)
- Used to hedge trade payables	1,892	1,760	(132)
			<u>(483)</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. Given that the contracts are entered into with licensed banks, the group is of the view that credit risk is minimal.

**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 year ended 31 May 2012.

**B11 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.

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended 31-May-12</b>	<b>3 months ended 31-May-11</b>	<b>12 months ended 31-May-12</b>	<b>12 months ended 31-May-11</b>
Profit / (Loss) attributable to owners of the parent(RM'000)	(4,506)	(2,163)	(3,782)	(4,644)
Weighted average number of ordinary shares in issue ('000)	44,421	42,671	44,421	42,671
Basic earnings per share (sen)	(10.14)	(5.07)	(8.51)	(10.88)

**EUROSPAN HOLDINGS BERHAD** (351927-M)  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED  
31 MAY 2012**

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

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

(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 loss per share from continuing operations.

**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 31-May-12 RM'000	3 months ended 31-May-11 RM'000	12 months ended 31-May-12 RM'000	12 months ended 31-May-11 RM'000
Depreciation of property, plant and equipment	448	694	2,062	2,864
Plant and equipment written off	-	24	-	24
Impairment on plant and equipment	3,147	-	3,147	-
Fair value loss on derivatives	678	91	506	91
Loss/(Gain) on disposal of investment	-	45	(10)	(9)
(Gain)/Loss on foreign exchange	(452)	102	(908)	45
Interest expenses	17	-	39	-
Interest income	(35)	(17)	(117)	(374)
(Gain)/Loss on disposal of property, plant and equipment	-	(5)	2	(19)

**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) is as follows:

	As at 31-May-12 RM'000	As at 31-May-11 RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	16,704	20,741
- Unrealised	(483)	(777)
	<u>16,221</u>	<u>19,964</u>
Less : Consolidation adjustments	<u>(30,264)</u>	<u>(30,246)</u>
	<u>(14,043)</u>	<u>(10,282)</u>

**BY ORDER OF THE BOARD**

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
30 July 2012