

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 29 FEBRUARY 2012**

	(Unaudited) Quarter Ended 29-Feb-12 RM'000	(Audited) Year Ended 31-May-11 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	24,773	25,641
Other investments	500	600
	<u>25,273</u>	<u>26,241</u>
Current Assets		
Inventories	12,355	13,606
Trade and other receivables	3,096	3,274
Derivative financial assets	195	22
Tax refundable	842	837
Cash and cash equivalents	8,608	5,716
	<u>25,096</u>	<u>23,455</u>
TOTAL ASSETS	<u>50,369</u>	<u>49,696</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	44,421	44,421
Reserves	(1,096)	(1,820)
	<u>43,325</u>	<u>42,601</u>
Minority Interests	-	-
Total equity	<u>43,325</u>	<u>42,601</u>
Non-Current Liabilities		
Deferred tax liability	-	868
	<u>-</u>	<u>868</u>
Current Liabilities		
Trade and other payables	3,892	5,069
Derivative financial liabilities	-	-
Short term borrowings	3,152	1,158
	<u>7,044</u>	<u>6,227</u>
Total Liabilities	<u>7,044</u>	<u>7,095</u>
TOTAL EQUITY AND LIABILITIES	<u>50,369</u>	<u>49,696</u>
Net assets per share (sen)	97.53	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
29 FEBRUARY 2012**

	Individual Quarter		Cumulative Quarters	
	3 months ended 29-Feb-12 RM'000	3 months ended 28-Feb-11 RM'000	9 months ended 29-Feb-12 RM'000	9 months ended 28-Feb-11 RM'000
Continuing operations				
Revenue	15,742	12,542	48,009	48,716
Cost of sales	(13,124)	(12,355)	(42,849)	(46,068)
Gross profit	<u>2,618</u>	<u>187</u>	<u>5,160</u>	<u>2,648</u>
Distribution expenses	(472)	(396)	(1,421)	(1,445)
Administrative expenses	(1,499)	(1,587)	(4,400)	(4,381)
Other expenses	(61)	(52)	(215)	(186)
Other income	555	307	742	482
Profit/(loss) before tax	<u>1,141</u>	<u>(1,541)</u>	<u>(134)</u>	<u>(2,882)</u>
Income tax expense	429	112	858	401
Profit/(loss) for the period	<u>1,570</u>	<u>(1,429)</u>	<u>724</u>	<u>(2,481)</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period	<u>1,570</u>	<u>(1,429)</u>	<u>724</u>	<u>(2,481)</u>
Profit/(loss) attributable to :				
Owners of the Parent	1,570	(1,429)	724	(2,481)
Minority interest	-	-	-	-
Profit/(loss) for the period	<u>1,570</u>	<u>(1,429)</u>	<u>724</u>	<u>(2,481)</u>
Total comprehensive income/(loss) attributable to				
Owners of the Parent	1,570	(1,429)	724	(2,481)
Minority interest	-	-	-	-
Total comprehensive income/(loss) for the period	<u>1,570</u>	<u>(1,429)</u>	<u>724</u>	<u>(2,481)</u>
Basic earnings per ordinary share (sen)	3.53	(3.35)	1.63	(5.81)
Diluted earnings per ordinary share (sen)	3.53	(3.35)	1.63	(5.81)

(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)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED
 29 FEBRUARY 2012**

	Non Distributable		Distributable		
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Retained Profits/ (Accumulated losses) RM'000	Total RM'000
Balance as at 1 June 2010	40,462	8,099	324	15,244	64,129
Total comprehensive loss for the period	-	-	-	(2,481)	(2,481)
ESOS exercised	3,960	2	-	-	3,962
Transfer to share premium for ESOS exercised	-	273	(273)	-	-
Share-based payment under ESOS	-	-	43	-	43
Share option reserve expired/lapsed	-	-	(13)	13	-
Dividend	-	-	-	(21,009)	(21,009)
Balance as at 28 February 2011	<u>44,422</u>	<u>8,374</u>	<u>81</u>	<u>(8,233)</u>	<u>44,644</u>
Balance as at 1 June 2011	44,421	8,375	87	(10,282)	42,601
Total comprehensive income for the period	-	-	-	724	724
ESOS exercised	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	-	-	-
Share-based payment under ESOS	-	-	-	-	-
Share option reserve expired/lapsed	-	-	-	-	-
Dividend	-	-	-	-	-
Balance as at 29 February 2012	<u>44,421</u>	<u>8,375</u>	<u>87</u>	<u>(9,558)</u>	<u>43,325</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)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED
29 FEBRUARY 2012**

	Cumulative Quarters	
	9 months ended 29-Feb-12 RM'000	9 months ended 28-Feb-11 RM'000
Cash Flows from Operating Activities		
Loss before tax	(134)	(2,882)
Adjustments for :		
Depreciation on property, plant and equipment	1,614	2,167
Amortisation of leasehold land		3
Gain on disposal of other investment	(10)	(8)
(Gain)/Loss on disposal of plant and equipment	2	(14)
Interest income	(83)	(357)
Fair value (gain)/loss on derivatives financial assets	(172)	57
Share-based payments	-	43
Operating profit/(loss) before changes in working capital	1,217	(991)
Changes in working capital :		
Receivables, deposits and prepayments	178	(570)
Inventories	1,251	(2,332)
Payables and accruals	(1,177)	(1,431)
Cash flows generated from/(used in) operations	1,469	(5,324)
Tax paid	(15)	(264)
Net cash flows generated from/(used in) operating activities	1,454	(5,588)
Cash Flows from Investing Activities		
Acquisition of other investment	(500)	-
Proceeds from disposal of other investment	610	295
Purchase of property, plant and equipment	(861)	(2,052)
Proceeds from disposal of plant & equipment	113	14
Interest received	83	357
Net cash flow used in investing activities	(555)	(1,386)
Cash Flows from Financing Activities		
Dividend paid	-	(21,009)
Drawdown of bank borrowing	1,993	-
Proceeds from shares issued under ESOS	-	3,962
Net cash flow generated from/(used in) financing activities	1,993	(17,047)
Net increase/(decrease) in cash and cash equivalents	2,892	(24,021)
Cash and cash equivalents at beginning of the period	5,716	30,144
Cash and cash equivalents at end of the period	8,608	6,123
Cash and cash equivalents at end of the period consist of :		
Short Term Fund	1,110	438
Deposits with licensed banks	3,205	2,855
Cash and bank balances	4,293	2,830
	8,608	6,123

(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 PERIOD ENDED
29 FEBRUARY 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 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.

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 29 February 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 29 February 2012.

EUROSPAN HOLDINGS BERHAD (351927-M)
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
29 FEBRUARY 2012**

PART A : REQUIREMENTS OF FRS 134 INTERIM FINANCIAL REPORTING

A7 Dividends Paid

No dividends were paid during the current financial period ended 29 February 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.

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 29 February 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

	As at 29-Feb-12 RM'000
Plant and equipment	
- contracted but not provided for	<u>494</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
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29 FEBRUARY 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 RM48.00 million for the current financial period ended 29 February 2012 reflecting an decrease of RM0.72 million or 1.5% when compared to the revenue of RM48.72 million in the preceding financial period. The Group registered a loss before tax of RM0.13 million, reduced by RM2.75 million or 95.4% when compared to the loss before tax of RM2.88 million in the preceding financial period. Overall, the improved results is mainly due to different product mix ratio 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 29 February 2012 showed an increase of 25.5% or RM2.94 million to RM15.48 million when compared to the revenue of RM12.54 million in the previous quarter ended 30 November 2011. The Group registered a profit before tax of RM1.14 million, increase in profit of 174% when compared to the loss before tax of RM1.54 million in the previous quarter. The result was mainly due to different product mix ratio and lower operating costs 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 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 29-Feb-12 RM'000	3 months ended 28-Feb-11 RM'000	9 months ended 29-Feb-12 RM'000	9 months ended 28-Feb-11 RM'000
Current tax expense				
Malaysian - Current	10	(110)	10	279
- Prior years		-	-	-
Deferred tax expense				
Malaysian - Current	(439)	(2)	(868)	(680)
- Prior years		-	-	-
	<u>(429)</u>	<u>(112)</u>	<u>(858)</u>	<u>(401)</u>

The effective tax rate for the current quarter and period ended 29 February 2012 were higher than the statutory income tax rate primarily due to non-allowable expenses.

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
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29 FEBRUARY 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:

	Quarter Ended 29-Feb-12 RM'000	Year Ended 31-May-11 RM'000
Short term borrowings - unsecured Trust receipt	3,152	1,158

B8 Derivative Financial Assets

Details of outstanding derivative financial instruments as at 29 February 2012:

Foreign Exchange Forward Contracts :	Contracted RM'000	Fair Value RM'000	Gain RM'000
Within 1 year			
- Used to hedge trade receivables	3,775	3,607	168
- Used to hedge trade payables	802	829	27
			<u>195</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, we are 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 period ended 29 February 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.

	Individual Quarter		Cumulative Quarters	
	3 months ended 29-Feb-12	3 months ended 28-Feb-11	9 months ended 29-Feb-12	9 months ended 28-Feb-11
Profit / (Loss) attributable to owners of the parent(RM'000)	1,570	(1,429)	724	(2,481)
Weighted average number of ordinary shares in issue ('000)	44,421	42,671	44,421	42,671
Basic earnings per share (sen)	3.53	(3.35)	1.63	(5.81)

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
29 FEBRUARY 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 29-Feb-12 RM'000	3 months ended 28-Feb-11 RM'000	9 months ended 29-Feb-12 RM'000	9 months ended 28-Feb-11 RM'000
Depreciation of property, plant and equipment	447	721	1,614	2,170
Fair value gain on derivatives	(462)	-	(195)	-
Gain on disposal of investment	-	(56)	(10)	(54)
Gain on foreign exchange	(62)	(219)	(456)	(57)
Interest expenses	8	-	22	-
Interest income	(31)	(88)	(82)	(357)
Loss/(Gain) on disposal of property, plant	-	-	2	(14)

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:

	As at 29-Feb-12 RM'000	As at 31-May-11 RM'000
The retained profits/ (accumulated losses) of the Group		
- Realised	20,463	20,741
- Unrealised	195	(77)
	20,658	19,964
Less : Consolidation adjustments	(30,216)	(30,246)
	(9,558)	(10,282)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
23 April 2012