

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

(Incorporated in Malaysia)

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

	(Unaudited) 31-Aug-12 RM'000	(Audited) 31-May-12 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	22,072	21,449
Other investments	500	500
	<u>22,572</u>	<u>21,949</u>
<b>Current Assets</b>		
Inventories	9,258	10,683
Trade and other receivables	2,363	5,070
Derivative financial assets	101	-
Tax refundable	255	257
Cash and cash equivalents	13,438	12,087
	<u>25,415</u>	<u>28,097</u>
<b>TOTAL ASSETS</b>	<u>47,987</u>	<u>50,046</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	44,421	44,421
Reserves	(4,333)	(5,589)
<b>Total equity</b>	<u>40,088</u>	<u>38,832</u>
<b>Non-Current Liabilities</b>		
Deferred tax liability	272	-
	<u>272</u>	<u>-</u>
<b>Current Liabilities</b>		
Trade and other payables	5,038	7,841
Derivative financial liabilities	13	483
Short term borrowings	2,576	2,890
	<u>7,627</u>	<u>11,214</u>
<b>Total Liabilities</b>	<u>7,899</u>	<u>11,214</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>47,987</u>	<u>50,046</u>
Net assets per share (sen)	90.25	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 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  
31 AUGUST 2012**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-12 RM'000	3 months ended 31-Aug-11 RM'000	3 months ended 31-Aug-12 RM'000	3 months ended 31-Aug-11 RM'000
<b>Continuing operations</b>				
Revenue	17,818	16,790	17,818	16,790
Cost of sales	(14,914)	(16,157)	(14,914)	(16,157)
<b>Gross profit</b>	<u>2,904</u>	<u>633</u>	<u>2,904</u>	<u>633</u>
Distribution expenses	(541)	(492)	(541)	(492)
Administrative expenses	(1,452)	(1,405)	(1,452)	(1,405)
Finance cost	(16)	(5)	(16)	(5)
Other expenses	(62)	(80)	(62)	(80)
Other income	701	188	701	188
<b>Prfit/(loss) before tax</b>	<u>1,534</u>	<u>(1,161)</u>	<u>1,534</u>	<u>(1,161)</u>
Income tax expense	(278)	461	(278)	461
<b>Prfit/(Loss) for the period</b>	<u>1,256</u>	<u>(700)</u>	<u>1,256</u>	<u>(700)</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income / (expense) for the period	<u><u>1,256</u></u>	<u><u>(700)</u></u>	<u><u>1,256</u></u>	<u><u>(700)</u></u>
Basic earnings per ordinary share (sen)	2.83	(1.58)	2.83	(1.58)
Diluted earnings per ordinary share (sen)	2.83	(1.58)	2.83	(1.58)

(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 10 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  
31 AUGUST 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 2011</b>	44,421	8,375	87	(10,282)	42,601
Total comprehensive expense for the period	-	-	-	(700)	(700)
<b>Balance as at 31 August 2011</b>	<u>44,421</u>	<u>8,375</u>	<u>87</u>	<u>(10,982)</u>	<u>41,901</u>
<b>Balance as at 1 June 2012</b>	44,421	8,375	80	(14,044)	38,832
Total comprehensive income for the period	-	-	-	1,256	1,256
<b>Balance as at 31 August 2012</b>	<u>44,421</u>	<u>8,375</u>	<u>80</u>	<u>(12,788)</u>	<u>40,088</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 2012.)

(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  
31 AUGUST 2012**

	<b>Cumulative Quarters</b>	
	<b>3 months ended 31-Aug-12 RM'000</b>	<b>3 months ended 31-Aug-11 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit / (Loss) before tax	1,534	(1,161)
Adjustments for :		
Depreciation on property, plant and equipment	296	626
Gain on disposal of other investment	-	(10)
Loss on disposal of plant and equipment	-	2
Interest income	(58)	(24)
Fair value gain on derivatives	(571)	(62)
Operating profit/(loss) before changes in working capital	<u>1,201</u>	<u>(629)</u>
Changes in working capital :		
Trade and other receivables	2,707	147
Inventories	1,425	1,188
Trade and other payables	(2,802)	(435)
Cash flows generated from/(used in) operations	<u>2,531</u>	<u>271</u>
Tax refunded/(paid)	<u>(5)</u>	<u>(7)</u>
Net cash flows generated from operating activities	<u>2,526</u>	<u>264</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of other investment	-	-
Proceeds from disposal of other investment	-	610
Purchase of property, plant and equipment	(919)	(413)
Proceeds from disposal of plant & equipment	-	112
Interest received	58	24
Net cash flow (used in)/generated from investing activities	<u>(861)</u>	<u>333</u>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	-	-
(Repayment) / Drawdown of bank borrowing	(314)	742
Proceeds from shares issued under ESOS	-	-
Net cash flow (used in)/generated from financing activities	<u>(314)</u>	<u>742</u>
Net increase in cash and cash equivalents	1,351	1,339
Cash and cash equivalents at beginning of the period	<u>12,087</u>	<u>5,716</u>
Cash and cash equivalents at end of the period	<u>13,438</u>	<u>7,055</u>
Cash and cash equivalents at end of the period consist of :		
Short term Fund	1,139	1,094
Deposits with licensed banks	7,550	3,712
Cash and bank balances	4,749	2,249
	<u>13,438</u>	<u>7,055</u>

(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 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  
31 AUGUST 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 2012.

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 2012.

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

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

**EUROSPAN HOLDINGS BERHAD (351927-M)**  
(Incorporated in Malaysia)  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED  
31 AUGUST 2012**

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

- 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 period ended 31 August 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 31 August 2012.

**A7 Dividends Paid**

No dividends were paid during the current financial period ended 31 August 2012.

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31 AUGUST 2012**

**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 period ended 31 August 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-Aug-12 RM'000</b>
Plant and equipment	
- contracted but not provided for	<u>94</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
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**PART B : REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED  
LISTING REQUIREMENTS**

**B1 Review of Performance**

The Group recorded a revenue of RM17.82 million for the current financial period ended 31 Aug 2012 reflecting an increase of RM1.03 million or 6.12% when compared to the revenue of RM16.79 million in the preceding financial period. The Group registered a profit before tax of RM1.53 million, an improvement of RM2.69 million or 232.13% when compared to the loss before tax of RM1.16 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 RM17.82 million for the current quarter ended 31 Aug 2012 reflecting an increase of RM1.87 million or 11.72% when compared to the revenue of RM15.95 million in the previous quarter ended 31 May 2012. The Group registered a profit before tax of RM1.53 million when compared to the loss before tax of RM4.50 million in the previous quarter. The result was mainly due to the fair value loss on derivatives and impairment loss on plant and equipment in the quarter ended 31 May 2012.

**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**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-12 RM'000	3 months ended 31-Aug-11 RM'000	3 months ended 31-Aug-12 RM'000	3 months ended 31-Aug-11 RM'000
Current tax expense				
Malaysian - Current	7	-	13	-
- Prior years		-	-	-
Deferred tax expense				
Malaysian - Current	271	(461)	(868)	(461)
- Prior years	-	-	-	-
	<u>278</u>	<u>(461)</u>	<u>(855)</u>	<u>(461)</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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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
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31 AUGUST 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>31-Aug-12</b>	<b>31-May-12</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings - unsecured		
Trust receipt	2,575	2,890

Borrowings are denominated in US Dollars.

**B8 Derivative Financial Assets / Liabilities**

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

Foreign Exchange Forward Contracts :	Contracted	Fair Value	Gain/(Loss)
	RM'000	RM'000	RM'000
Within 1 year			
- Used to hedge trade receivables	8,915	8,814	101
- Used to hedge trade payables	999	986	(13)
			<u>88</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 period ended 31 August 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</b>	<b>3 months ended</b>	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31-Aug-12</b>	<b>31-Aug-11</b>	<b>31-Aug-12</b>	<b>31-Aug-11</b>
Profit / (Loss) attributable to owners of the parent(RM'000)	1,256	(700)	1,256	(700)
Weighted average number of ordinary shares in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings per share (sen)	2.83	(1.58)	2.83	(1.58)

**EUROSPAN HOLDINGS BERHAD** (351927-M)  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED  
31 AUGUST 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	3 months ended	3 months ended	3 months ended
	31-Aug-12 RM'000	31-Aug-11 RM'000	31-Aug-12 RM'000	31-Aug-11 RM'000
Depreciation of property, plant and equipment	296	626	296	626
Fair value gain on derivatives	(571)	(85)	(571)	(85)
Gain on disposal of investment	-	45	-	45
Gain on foreign exchange	(73)	(72)	(73)	(72)
Interest expenses	16	5	16	5
Interest income	(58)	(24)	(58)	(24)
Loss on disposal of property, plant and equipment	-	2	-	2

**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-Aug-12 RM'000	As at 31-May-12 RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	13,445	16,704
- Unrealised	571	(483)
	14,016	16,221
Less : Consolidation adjustments	(26,804)	(30,265)
	(12,788)	(14,044)

**BY ORDER OF THE BOARD**

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
29 October 2012