

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2015**

	(Unaudited) 31-Aug-15 RM'000	(Audited) 31-May-15 RM'000
ASSETS		
Property, plant and equipment	22,345	22,720
Other investments	8,487	8,827
Total non-current assets	<u>30,832</u>	<u>31,547</u>
Inventories	10,731	12,128
Trade and other receivables	4,574	4,038
Tax recoverable	196	171
Cash and cash equivalents	11,590	11,823
Total current assets	<u>27,091</u>	<u>28,160</u>
TOTAL ASSETS	<u><u>57,923</u></u>	<u><u>59,707</u></u>
EQUITY		
Share capital	44,421	44,421
Reserves	2,148	2,734
Total equity attributable to owners of the Company	<u>46,569</u>	<u>47,155</u>
LIABILITIES		
Provision for gratuity benefit	1,165	1,139
Deferred tax liabilities	191	307
Total non-current liabilities	<u>1,356</u>	<u>1,446</u>
Borrowings	2,532	3,408
Trade and other payables	7,466	7,698
Total current liabilities	<u>9,998</u>	<u>11,106</u>
Total liabilities	<u>11,354</u>	<u>12,552</u>
TOTAL EQUITY AND LIABILITIES	<u><u>57,923</u></u>	<u><u>59,707</u></u>
Net assets per share (sen)	104.84	106.15

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2015.)

(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 COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31-Aug-15 RM'000	3 months ended 31-Aug-14 RM'000	3 months ended 31-Aug-15 RM'000	3 months ended 31-Aug-14 RM'000
Continuing operations				
Revenue	15,534	15,160	15,534	15,160
Cost of sales	<u>(12,989)</u>	<u>(12,674)</u>	<u>(12,989)</u>	<u>(12,674)</u>
Gross profit	2,545	2,486	2,545	2,486
Selling and distribution expenses	(525)	(526)	(525)	(526)
Administrative expenses	(1,539)	(2,005)	(1,539)	(2,005)
Finance costs	(65)	(15)	(65)	(15)
Other operating expenses	(1,037)	-	(1,037)	-
Other incomes	<u>157</u>	<u>549</u>	<u>157</u>	<u>549</u>
(Loss)/Profit before tax	<u>(464)</u>	<u>489</u>	<u>(464)</u>	<u>489</u>
Taxation	<u>113</u>	<u>(117)</u>	<u>113</u>	<u>(117)</u>
(Loss)/Profit after tax for the period	<u>(351)</u>	<u>372</u>	<u>(351)</u>	<u>372</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the period	<u><u>(351)</u></u>	<u><u>372</u></u>	<u><u>(351)</u></u>	<u><u>372</u></u>
(Loss)/Profit attributable to :				
Owners of the Parent	(351)	372	(351)	372
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss)/Profit after tax for the period	<u><u>(351)</u></u>	<u><u>372</u></u>	<u><u>(351)</u></u>	<u><u>372</u></u>
Total comprehensive (loss)/income attributable to :				
Owners of the Parent	(351)	372	(351)	372
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the period	<u><u>(351)</u></u>	<u><u>372</u></u>	<u><u>(351)</u></u>	<u><u>372</u></u>
Basic (loss)/earnings per ordinary share (sen)	(0.79)	0.84	(0.79)	0.84

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2015.)

(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 FINANCIAL PERIOD ENDED 31 AUGUST 2015 (UNAUDITED)**

	<u>Non Distributable</u>				Retained profits/ (Accumulated losses) RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000		
Balance as at 1 June 2014	44,421	8,375	70	-	(5,115)	47,751
Total comprehensive income/(loss) for the period	-	-	-	-	372	372
Balance as at 31 Aug 2014	44,421	8,375	70	-	(4,743)	48,123
Balance as at 1 June 2015	44,421	8,375	-	234	(5,876)	47,154
Total comprehensive income/(loss) for the period	-	-	-	(234)	(351)	(585)
Balance as at 31 Aug 2015	44,421	8,375	-	-	(6,227)	46,569

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2015.)

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EUROSPAN HOLDINGS BERHAD (351927-M)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015 (UNAUDITED)**

	Cumulative Quarters 3 months ended	
	31-Aug-15 RM'000	31-Aug-14 RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(464)	489
Adjustments for :		
Depreciation	426	398
Fair value loss/(gain) on derivatives	1,175	(6)
Loss/(Gain) on disposal of property, plant and equipment	(4)	-
Interest expense	16	15
Interest income	(142)	(191)
Provision for gratuity benefit	26	-
Impairment of other investment	106	-
Gain on foreign exchange - unrealised	(245)	-
Operating profit before working capital changes	894	705
Decrease in inventories	1,397	634
(Increase)/Decrease in receivables	(766)	1,393
Decrease in payables	(1,178)	(2,351)
Cash (used in)/generated from operations	347	381
Income tax paid	(28)	(226)
Interest paid	(16)	(15)
Interest received	142	191
Net cash (used in)/from operating activities	445	331
Cash flows from investing activities		
Purchase of other investments	-	(2,080)
Purchase of property, plant and equipment	(50)	(332)
Proceeds from disposal of property, plant & equipment	4	-
Net cash used in investing activities	(46)	(2,412)
Cash flows from financing activities		
Short term borrowing drawdown/(repayment)	(1,195)	567
Net cash flows used in financing activities	(1,195)	567
Net (decrease)/increase in cash and cash equivalents	(796)	(1,514)
Effects of changes in exchange rates	563	-
Cash and cash equivalents at beginning of the period	11,823	18,608
Cash and cash equivalents at end of the period	11,590	17,094
Cash and cash equivalents at end of the period consist of :		
Short term funds	5,358	8,354
Cash and bank balances	6,232	8,740
	11,590	17,094

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2015.)

(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 FINANCIAL PERIOD ENDED 31 AUGUST 2015

PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 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 2015. 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 since the financial year ended 31 May 2015.

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 May 2015, except for the followings :

Effective for annual periods beginning on or after 1 January 2016

- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 10 and MFRS 128 *Investment Entities : Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisition of Interests in Joint Operations*
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- *Annual Improvements to MFRS 2012-2014 Cycle*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments (IFRS 9 issued by IASB in July 2014)*
- MFRS 15 *Revenue from Contracts with Customers*
- Amendments to MFRS 7 *Mandatory Date of MFRS 9 and Transition Disclosures*

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy and is expected to affect the measurement of other investments which is presently categorised as available-for-sale financial asset.

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 2015.

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 2015.

A7. Dividends Paid

No dividends were paid during the current financial period ended 31 August 2015.

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. 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 report.

A10. 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 2015.

A11. Contingent Liabilities or Contingent Assets

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

A12. Capital Commitment

There was no capital commitment as at date of this announcement.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

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

B1. Review of Performance

The Group recorded revenue of RM15.53 million for the current financial period ended 31 August 2015 reflecting an increase of RM0.37 million or 2.44% compared to the revenue of RM15.16 million in the preceding year corresponding financial period. The Group registered a loss before tax of RM0.46 million compared to the profit before tax of RM0.49 million in the preceding year corresponding financial period. The result was mainly due to fair value loss on derivatives of RM1.18 million in the current financial period.

B2. Variation of Results against Preceding Quarter

The Group recorded revenue of RM15.53 million for the current financial quarter ended 31 August 2015 reflecting an increase of RM3.99 million or 34.58% compared to the revenue of RM11.54 million in the preceding quarter ended 31 May 2015. The Group registered a loss before tax of RM0.46 million compared to the loss before tax of RM0.78 million in the preceding quarter. The result was mainly due to fair value loss on derivatives of RM1.18 million in the current financial period.

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	3 months ended	3 months ended	3 months ended
	31-Aug-15	31-Aug-14	31-Aug-15	31-Aug-14
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - Current	3	6	3	6
Deferred tax expense				
Malaysian - Current	(116)	111	(116)	111
	<u>(113)</u>	<u>117</u>	<u>(113)</u>	<u>117</u>

The tax expense is mainly due to interest income of subsidiary companies.

B6. Status of Corporate Proposal Announced

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

B7. Group Borrowings and Debt Securities

The group borrowings and debt securities were as follows:

	31-Aug-15	31-Aug-14
	RM'000	RM'000
Short term borrowings - unsecured		
Trust receipt	2,532	3,777

Borrowings are denominated in US Dollars.

B8. Derivative Financial Liabilities

Details of outstanding derivative financial instruments as at 31 Aug 2015:

Foreign Exchange Forward Contracts :	Value	Fair Value	Gain/(Loss)
Within 1 year	RM'000	RM'000	RM'000
- Used to hedge trade receivables	8,790	9,977	(1,187)
- Used to hedge trade payables	674	686	12
			<u>(1,175)</u>

Forward foreign exchange contracts are entered into with licensed banks to hedge part of the Group's sales and purchases 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 report.

B10. Dividends

The directors do not recommend the payment of any dividend for the current financial period ended 31 August 2015.

B11. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period/year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period/year.

	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	3 months ended	3 months ended
	31-Aug-15	31-Aug-14	31-Aug-15	31-Aug-14
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to				
owners of the parent (RM'000)	(351)	372	(351)	372
Weighted average number of				
ordinary share in issue ('000)	44,421	44,421	44,421	44,421
Basic (loss)/earnings per share (sen)	(0.79)	0.84	(0.79)	0.84

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-Aug-15 RM'000	3 months ended 31-Aug-14 RM'000	3 months ended 31-Aug-15 RM'000	3 months ended 31-Aug-14 RM'000
Depreciation	426	398	426	398
Fair value (gain)/loss on derivatives	1,175	(57)	1,175	(57)
Loss/(gain) on foreign exchange	(9)	(301)	(9)	(301)
Interest expense	16	15	16	15
Interest income	(142)	(191)	(142)	(191)
(Gain)/loss on disposal of property, plant and equipment	(4)	-	(4)	-

B13. Realised and unrealised profits / (accumulated losses)

The breakdown of retained profits/(accumulated losses) of the Group as at the reporting date, into realised and unrealised profit / (accumulated losses) are as follows:

	As at 31-Aug-15 RM'000	As at 31-May-15 RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	20,272	19,701
- Unrealised	(1,122)	(284)
	<u>19,150</u>	<u>19,417</u>
Less : Consolidation adjustments	<u>(25,377)</u>	<u>(25,293)</u>
	<u>(6,227)</u>	<u>(5,876)</u>

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
26 October 2015