

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2014

	(Unaudited) 30-Nov-14 RM'000	(Audited) 31-May-14 RM'000
ASSETS		
Property, plant and equipment	22,060	22,059
Other investments	8,580	4,500
Total non-current assets	<u>30,640</u>	<u>26,559</u>
Trade and other receivables	5,230	4,524
Inventories	10,872	11,958
Derivative financial assets	-	51
Cash and cash equivalents	13,589	18,608
Total current assets	<u>29,691</u>	<u>35,141</u>
TOTAL ASSETS	<u><u>60,331</u></u>	<u><u>61,700</u></u>
EQUITY		
Share capital	44,421	44,421
Reserves	3,458	3,330
Total equity attributable to owners of the Company	<u>47,879</u>	<u>47,751</u>
LIABILITIES		
Deferred tax liabilities	648	612
Total non-current liabilities	<u>648</u>	<u>612</u>
Borrowings	2,343	3,210
Trade and other payables	8,603	9,613
Derivative financial liabilities	639	-
Current tax liabilities	219	514
Total current liabilities	<u>11,804</u>	<u>13,337</u>
Total liabilities	<u>12,452</u>	<u>13,949</u>
TOTAL EQUITY AND LIABILITIES	<u><u>60,331</u></u>	<u><u>61,700</u></u>
Net assets per share (sen)	107.78	107.50

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014.)

(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 30 NOVEMBER 2014 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-14 RM'000	3 months ended 30-Nov-13 RM'000	6 months ended 30-Nov-14 RM'000	6 months ended 30-Nov-13 RM'000
Continuing operations				
Revenue	14,103	17,464	29,263	34,582
Cost of sales	(11,966)	(13,910)	(24,640)	(27,220)
Gross profit	<u>2,137</u>	<u>3,554</u>	<u>4,623</u>	<u>7,362</u>
Distribution expenses	(426)	(555)	(952)	(1,044)
Administrative expenses	(1,437)	(1,658)	(3,442)	(3,043)
Finance costs	(20)	(11)	(35)	(29)
Other expenses	(608)	411	(608)	(117)
Other incomes	45	227	594	283
(Loss)/profit before tax	<u>(309)</u>	<u>1,968</u>	<u>180</u>	<u>3,412</u>
Income tax expense	65	(405)	(52)	(289)
(Loss)/profit for the period	<u>(244)</u>	<u>1,563</u>	<u>128</u>	<u>3,123</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(244)</u>	<u>1,563</u>	<u>128</u>	<u>3,123</u>
Profit attributable to :				
Owners of the Parent	(244)	1,563	128	3,123
Minority interest	-	-	-	-
Profit for the period	<u>(244)</u>	<u>1,563</u>	<u>128</u>	<u>3,123</u>
Total comprehensive profit attributable to Owners of the Parent	(244)	1,563	128	3,123
Minority interest	-	-	-	-
Total comprehensive profit for the period	<u>(244)</u>	<u>1,563</u>	<u>128</u>	<u>3,123</u>
Basic earnings per ordinary share (sen)	(0.55)	3.52	0.29	7.03
Diluted earnings per ordinary share (sen)	(0.55)	3.52	0.29	7.03

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014.)

(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 30 NOVEMBER 2014 (UNAUDITED)**

	Non Distributable			Retained	Total
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	profits/ (Accumulated losses) RM'000	
Balance as at 1 June 2013	44,421	8,375	81	(10,802)	42,075
Total comprehensive income for the period	-	-	-	3,123	3,123
Share-based payment under ESOS	-	-	-	-	-
Share option expired/lapsed	-	-	-	-	-
Balance as at 30 November 2013	44,421	8,375	81	(7,679)	45,198
Balance as at 1 June 2014	44,421	8,375	70	(5,115)	47,751
Total comprehensive income for the period	-	-	-	128	128
Share-based payment under ESOS	-	-	-	-	-
Share option expired/lapsed	-	-	-	-	-
Balance as at 30 November 2014	44,421	8,375	70	(4,987)	47,879

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014.)

(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 FINANCIAL PERIOD ENDED 30 NOVEMBER 2014 (UNAUDITED)**

	Cumulative Quarters 6 months ended	
	30-Nov-14 RM'000	30-Nov-13 RM'000
Cash flows from operating activities		
Profit before tax	180	3,412
Adjustments for :		
Depreciation on property, plant and equipment	801	671
Property, plant and equipment written-off	25	-
Gain on disposal of other investment	(42)	-
(Gain)/loss on disposal of property, plant and equipment	(3)	1
Interest income	(292)	(124)
Interest expense	35	29
Fair value loss/(gain) on derivatives	690	(1)
Operating profit before changes in working capital	1,394	3,988
Changes in working capital :		
Trade and other receivables	(706)	3,405
Inventories	1,086	3,100
Trade and other payables	(1,010)	(4,142)
Cash flows generated from operations	764	6,351
Tax paid	(311)	(11)
Net cash flows generated from operating activities	453	6,340
Cash flows from investing activities		
Acquisition of other investment	(4,080)	-
Proceeds from disposal of other investment	42	-
Purchase of property, plant and equipment	(827)	(208)
Proceeds from disposal of property, plant & equipment	3	1
Interest received	292	124
Net cash flows used in investing activities	(4,570)	(83)
Cash flows from financing activities		
Interest paid	(35)	(29)
Short term borrowing repayment	(867)	(2)
Net cash flows used in financing activities	(902)	(31)
Net (decrease)/increase in cash and cash equivalents	(5,019)	6,226
Cash and cash equivalents at beginning of the period	18,608	11,647
Cash and cash equivalents at end of the period	13,589	17,873
Cash and cash equivalents at end of the period consist of :		
Short term funds	7,292	7,220
Cash and bank balances	6,297	10,653
	13,589	17,873

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014.)

(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.)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2014

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 2014. 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 2014.

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 2014, except for the adoption of Malaysia Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 January 2014. The adoptions of MFRS framework do not have significant impact on the financial statements of the Group.

At the date of authorization of these interim financial statements, the following accounting standards, amendments and interpretations were issued but have not been adopted by the Group and the company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- MFRS 9, Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

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 2014.

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 2014.

A7. Dividends Paid

No dividends were paid during the current financial period ended 30 November 2014.

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 30 November 2014.

A11. Contingent Liabilities or Contingent Assets

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

A12. Capital Commitment

	As at 30-Nov-14 RM'000
Plant and equipment	
- contracted but not provided for	1,175

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2014**

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

B1. Review of Performance

The Group recorded revenue of RM29.26 million for the current financial period ended 30 November 2014 reflecting a decrease of RM5.32 million or 15.38% when compared to the revenue of RM34.58 million in the preceding year corresponding period. The Group registered a profit before tax of RM0.18 million when compared to the profit before tax of RM3.41 million in the preceding year corresponding period. The result was mainly due to lower revenue in the current financial period and different product mix.

B2. Variation of Results Against Preceding Quarter

The Group recorded revenue of RM14.1 million for the current financial quarter ended 30 November 2014 reflecting a decrease of RM1.06 million or 6.97% when compared to the revenue of RM15.16 million in the preceding quarter ended 31 August 2014. The Group registered a loss before tax of RM0.31 million when compared to the profit before tax of RM0.49 million in the preceding quarter. The result was mainly due to lower revenue in the current financial period and different product mix.

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 30-Nov-14 RM'000	3 months ended 30-Nov-13 RM'000	6 months ended 30-Nov-14 RM'000	6 months ended 30-Nov-13 RM'000
Current tax expense				
Malaysian - Current	10	195	16	386
- Prior years	-	-	-	-
Deferred tax expense				
Malaysian - Current	(75)	210	36	(97)
- Prior years	-	-	-	-
	<u>(65)</u>	<u>405</u>	<u>52</u>	<u>289</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 report.

B7. Group Borrowings and Debt Securities

The group borrowings and debt securities were as follows:

	30-Nov-14	30-Nov-13
	RM'000	RM'000
Short term borrowings - unsecured		
Trust receipt	2,343	3,407

Borrowings are denominated in US Dollars.

B8. Derivative Financial Liabilities

Details of outstanding derivative financial instruments as at 30 November 2014:

Foreign Exchange Forward Contracts :	Value	Fair Value	Gain/(Loss)
Within 1 year	RM'000	RM'000	RM'000
- Used to hedge trade receivables	15,814	16,423	(609)
- Used to hedge trade payables	1,501	1,471	(30)
			<u>(639)</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 30 November 2014.

B11. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit 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	3 months	6 months	6 months
	ended	ended	ended	ended
	30-Nov-14	30-Nov-13	30-Nov-14	30-Nov-13
	RM'000	RM'000	RM'000	RM'000
Profit attributable to				
owners of the parent (RM'000)	(244)	1,563	128	3,123
Weighted average number of				
ordinary share in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings per share (sen)	(0.55)	3.52	0.29	7.03

Diluted earnings per share for the financial period ended 30 November 2014 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-14 RM'000	3 months ended 30-Nov-13 RM'000	6 months ended 30-Nov-14 RM'000	6 months ended 30-Nov-13 RM'000
Bad debts written off	-	5	-	5
Depreciation of property, plant and equipment	403	338	801	671
Fair value (gain)/loss on derivatives	696	(653)	639	(1)
Gain on disposal of other investment	(42)	-	(42)	-
Loss/(gain) on foreign exchange	13	(17)	(288)	(147)
Interest expense	20	11	35	29
Interest income	(101)	(69)	(292)	(124)
(Gain)/goss on disposal of property, plant and equipment	(3)	1	(3)	1
Property, plant and equipment written off	25	-	25	-

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 30-Nov-14 RM'000	As at 31-May-14 RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	21,249	20,170
- Unrealised	(1,278)	(660)
	<u>19,971</u>	<u>19,510</u>
Less : Consolidation adjustments	(24,958)	(24,625)
	<u>(4,987)</u>	<u>(5,115)</u>

BY ORDER OF THE BOARD

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