

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2014**

	(Unaudited) 31-May-14 RM'000	(Audited) 31-May-13 RM'000
ASSETS		
Property, plant and equipment	22,059	22,138
Other investments	4,500	2,500
Total non-current assets	<u>26,559</u>	<u>24,638</u>
Trade and other receivables	4,524	5,638
Inventories	11,958	12,806
Derivative financial assets	51	-
Current tax assets	-	13
Cash and cash equivalents	18,608	11,647
Total current assets	<u>35,141</u>	<u>30,104</u>
TOTAL ASSETS	<u><u>61,700</u></u>	<u><u>54,742</u></u>
EQUITY		
Share capital	44,421	44,421
Reserves	3,330	(2,346)
Total equity attributable to owners of the Company	<u>47,751</u>	<u>42,075</u>
LIABILITIES		
Deferred tax liabilities	612	406
Total non-current liabilities	<u>612</u>	<u>406</u>
Borrowings	3,210	3,409
Trade and other payables	9,613	8,847
Derivative financial liabilities	-	5
Current tax liabilities	514	-
Total current liabilities	<u>13,337</u>	<u>12,261</u>
Total liabilities	<u>13,949</u>	<u>12,667</u>
TOTAL EQUITY AND LIABILITIES	<u><u>61,700</u></u>	<u><u>54,742</u></u>
Net assets per share (sen)	107.50	94.72

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2013.)

(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 FINANCIAL YEAR ENDED 31 MAY 2014 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-May-14 RM'000	3 months ended 31-May-13 RM'000	12 months ended 31-May-14 RM'000	12 months ended 31-May-13 RM'000
Continuing operations				
Revenue	14,691	14,887	65,195	60,902
Cost of sales	<u>(11,087)</u>	<u>(11,543)</u>	<u>(51,217)</u>	<u>(49,098)</u>
Gross profit	3,604	3,344	13,978	11,804
Distribution expenses	(526)	(415)	(2,018)	(1,870)
Administrative expenses	(1,916)	(1,780)	(6,739)	(6,559)
Finance costs	(12)	(17)	(60)	(64)
Other expenses	(36)	(168)	(200)	(357)
Other incomes	1,038	206	1,885	720
Profit before tax	<u>2,152</u>	<u>1,170</u>	<u>6,846</u>	<u>3,674</u>
Income tax expense	<u>(507)</u>	<u>(67)</u>	<u>(1,172)</u>	<u>(437)</u>
Profit for the period/year	1,645	1,103	5,674	3,237
Other comprehensive income for the period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period/year	<u>1,645</u>	<u>1,103</u>	<u>5,674</u>	<u>3,237</u>
Profit attributable to :				
Owners of the Parent	1,645	1,103	5,674	3,237
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period/year	<u>1,645</u>	<u>1,103</u>	<u>5,674</u>	<u>3,237</u>
Total comprehensive profit attributable to				
Owners of the Parent	1,645	1,103	5,674	3,237
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive profit for the period/year	<u>1,645</u>	<u>1,103</u>	<u>5,674</u>	<u>3,237</u>
Basic earnings per ordinary share (sen)	3.70	2.48	12.77	7.29
Diluted earnings per ordinary share (sen)	3.70	2.48	12.77	7.29

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2013.)

(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 FINANCIAL YEAR ENDED 31 MAY 2014 (UNAUDITED)**

	<u>Non Distributable</u>			<u>Retained</u>	
	<u>Share</u>	<u>Share</u>	<u>Share</u>	<u>profits/</u>	
	<u>capital</u>	<u>premium</u>	<u>option</u>	<u>(Accumulated</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>reserve</u>	<u>losses)</u>	<u>RM'000</u>
			<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at 1 June 2012	44,421	8,375	79	(14,043)	38,832
Total comprehensive income for the year	-	-	-	3,237	3,237
Share-based payment under ESOS	-	-	6	-	6
Share option expired/lapsed	-	-	(5)	5	-
Balance as at 31 May 2013	<u>44,421</u>	<u>8,375</u>	<u>80</u>	<u>(10,801)</u>	<u>42,075</u>
Balance as at 1 June 2013	44,421	8,375	80	(10,801)	42,075
Total comprehensive income for the year	-	-	-	5,674	5,674
Share-based payment under ESOS	-	-	2	-	2
Share option expired/lapsed	-	-	(12)	12	-
Balance as at 31 May 2014	<u>44,421</u>	<u>8,375</u>	<u>70</u>	<u>(5,115)</u>	<u>47,751</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 2013.)

(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 FINANCIAL YEAR ENDED 31 MAY 2014 (UNAUDITED)**

	Cumulative Quarters	
	12 months ended	
	31-May-14	31-May-13
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	6,846	3,674
Adjustments for :		
Depreciation on property, plant and equipment	1,443	1,210
Property, plant and equipment written-off	-	359
Gain on disposal of other investment	(50)	-
Gain on disposal of property, plant and equipment	(89)	(20)
Interest income	(380)	(224)
Interest expense	60	64
Fair value gain on derivatives	(56)	95
Share-based payment	2	6
Operating profit before changes in working capital	7,776	5,164
Changes in working capital :		
Trade and other receivables	1,114	(568)
Inventories	848	(2,123)
Trade and other payables	766	434
Cash flows generated from operations	10,504	2,907
Tax (paid)/refunded	(439)	212
Net cash flows generated from operating activities	10,065	3,119
Cash flows from investing activities		
Acquisition of other investment	(2,000)	(2,000)
Proceeds from disposal of other investment	50	-
Purchase of property, plant and equipment	(1,366)	(2,417)
Proceeds from disposal of property, plant & equipment	91	179
Interest received	380	224
Net cash flows used in investing activities	(2,845)	(4,014)
Cash flows from financing activities		
Interest paid	(60)	(64)
Short term borrowing repayment	(199)	519
Net cash flows (used in)/generated from financing activities	(259)	455
Net increase/(decrease) in cash and cash equivalents	6,961	(440)
Cash and cash equivalents at beginning of the year	11,647	12,087
Cash and cash equivalents at end of the year	18,608	11,647
Cash and cash equivalents at end of the year consist of :		
Short term funds	8,285	4,171
Cash and bank balances	10,323	7,476
	18,608	11,647

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2013.)

(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 YEAR ENDED 31 MAY 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 2013. 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 2013, except for the adoption of Malaysia Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 January 2013. 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, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2015

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory 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 year ended 31 May 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 year ended 31 May 2014.

A7. Dividends Paid

No dividends were paid during the current financial year ended 31 May 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 year ended 31 May 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 31-May-14 RM'000
Plant and equipment	
- contracted but not provided for	117

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(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2014

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

B1. Review of Performance

The Group recorded a revenue of RM65.20 million for the current financial year ended 31 May 2014 reflecting an increase of RM4.29 million or 7.05% when compared to the revenue of RM60.90 million in the preceding financial year. The Group registered a profit before tax of RM6.85 million when compared to the profit before tax of RM3.67 million in the preceding financial year. The result was mainly due to different product mix and strengthening of US Dollar for the current financial year under review.

B2. Variation of Results Against Preceding Quarter

The Group recorded a revenue of RM14.69 million for the current quarter ended 31 May 2014 reflecting a decrease of RM1.23 million or 7.73% when compared to the revenue of RM15.92 million in the previous quarter ended 28 February 2014. The Group registered a profit before tax of RM2.15 million when compared to the profit before tax of RM1.29 million in the previous quarter. The result was mainly due to different product mix and strengthening of US Dollar for the current financial year 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

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-May-14 RM'000	3 months ended 31-May-13 RM'000	12 months ended 31-May-14 RM'000	12 months ended 31-May-13 RM'000
Current tax expense				
Malaysian - Current	400	6	962	36
- Prior years	-	-	-	(5)
Deferred tax expense				
Malaysian - Current	107	61	210	406
- Prior years	-	-	-	-
	<u>507</u>	<u>67</u>	<u>1,172</u>	<u>437</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:

	31-May-14	31-May-13
	RM'000	RM'000
Short term borrowings - unsecured Trust receipt	3,210	3,409

Borrowings are denominated in US Dollars.

B8. Derivative Financial Liabilities

Details of outstanding derivative financial instruments as at 31 May 2014:

Foreign Exchange Forward Contracts :	Value	Fair Value	Gain/(Loss)
Within 1 year	RM'000	RM'000	RM'000
- Used to hedge trade receivables	6,868	6,796	72
- Used to hedge trade payables	1,662	1,641	(21)
			<u>51</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 year ended 31 May 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 ended	3 months ended	12 months ended	12 months ended
	31-May-14	31-May-13	31-May-14	31-May-13
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the parent (RM'000)	1,645	1,103	5,674	3,237
Weighted average number of ordinary share in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings per share (sen)	3.70	2.48	12.77	7.29

Diluted earnings per share for the financial year ended 31 May 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:

	3 months ended 31-May-14 RM'000	3 months ended 31-May-13 RM'000	12 months ended 31-May-14 RM'000	12 months ended 31-May-13 RM'000
Bad debts written off	-	-	5	145
Depreciation of property, plant and equipment	397	316	1,443	1,210
Fair value (gain)/loss on derivatives	(168)	(458)	(51)	95
Gain on disposal of other investment	-	-	(50)	-
Impairment loss on plant and equipment	-	-	-	-
Loss/(gain) on foreign exchange	(628)	(443)	(1,315)	(420)
Interest expense	10	17	58	64
Interest income	(168)	(50)	(380)	(224)
(Gain)/loss on disposal of property, plant and equipment	(25)	(53)	(89)	(20)
Property, plant and equipment written off	-	1	-	359

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-May-14 RM'000	As at 31-May-13 RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	20,169	14,312
- Unrealised	<u>(659)</u>	<u>(423)</u>
	19,510	13,889
Less : Consolidation adjustments	<u>(24,625)</u>	<u>(24,690)</u>
	<u><u>(5,115)</u></u>	<u><u>(10,801)</u></u>

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
18 July 2014