

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2013**

	(Unaudited) 28-Feb-13 RM'000	(Audited) 31-May-12 RM'000
<b>ASSETS</b>		
Property, plant and equipment	22,028	21,449
Other investments	500	500
<b>Total non-current assets</b>	<u>22,528</u>	<u>21,949</u>
Trade and other receivables	2,921	5,070
Inventories	10,177	10,683
Current tax assets	149	257
Cash and cash equivalents	11,982	12,087
<b>Total current assets</b>	<u>25,229</u>	<u>28,097</u>
<b>TOTAL ASSETS</b>	<u>47,757</u>	<u>50,046</u>
<b>EQUITY</b>		
Share capital	44,421	44,421
Reserves	(3,455)	(5,589)
<b>Total equity attributable to owners of the Company</b>	<u>40,966</u>	<u>38,832</u>
<b>LIABILITIES</b>		
Deferred tax liabilities	345	-
<b>Total non-current liabilities</b>	<u>345</u>	<u>-</u>
Borrowings	3,253	2,890
Trade and other payables	3,073	7,841
Derivative financial liabilities	120	483
<b>Total current liabilities</b>	<u>6,446</u>	<u>11,214</u>
<b>Total liabilities</b>	<u>6,791</u>	<u>11,214</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>47,757</u>	<u>50,046</u>
Net assets per share (sen)	92.22	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 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 NINE MONTHS ENDED 28 FEBRUARY 2013 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 28-Feb-13 RM'000	3 months ended 29-Feb-12 RM'000	9 months ended 28-Feb-13 RM'000	9 months ended 29-Feb-12 RM'000
<b>Continuing operations</b>				
Revenue	12,685	15,742	46,015	48,009
Cost of sales	<u>(10,162)</u>	<u>(13,124)</u>	<u>(37,555)</u>	<u>(42,849)</u>
<b>Gross profit</b>	2,523	2,618	8,460	5,160
Distribution expenses	(429)	(472)	(1,455)	(1,421)
Administrative expenses	(1,492)	(1,500)	(4,779)	(4,400)
Finance costs	(16)	(8)	(47)	(22)
Other expenses	(81)	(53)	(189)	(193)
Other incomes	<u>(229)</u>	<u>556</u>	<u>514</u>	<u>742</u>
<b>Profit/(loss) before tax</b>	276	1,141	2,504	(134)
Income tax expense	<u>(1)</u>	<u>430</u>	<u>(370)</u>	<u>858</u>
<b>Profit for the period</b>	275	1,571	2,134	724
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>275</u>	<u>1,571</u>	<u>2,134</u>	<u>724</u>
Profit attributable to :				
Owners of the Parent	275	1,571	2,134	724
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period/year	<u>275</u>	<u>1,571</u>	<u>2,134</u>	<u>724</u>
Total comprehensive profit attributable to				
Owners of the Parent	275	1,571	2,134	724
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive profit for the period/year	<u>275</u>	<u>1,571</u>	<u>2,134</u>	<u>724</u>
Basic earnings per ordinary share (sen)	0.62	3.54	4.80	1.63
Diluted earnings per ordinary share (sen)	0.62	3.54	4.80	1.63

(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 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 NINE MONTHS ENDED 28 FEBRUARY 2013 (UNAUDITED)**

		Non Distributable		Distributable	
	Share	Share	Share	Retained	Total
	capital	premium	option	profits/	
	RM'000	RM'000	reserve	(Accumulated	RM'000
			RM'000	losses)	
				RM'000	RM'000
<b>Balance as at 1 June 2011</b>	44,421	8,375	87	(10,282)	42,601
Total comprehensive income for the period	-	-	-	724	724
<b>Balance as at 29 February 2012</b>	<b>44,421</b>	<b>8,375</b>	<b>87</b>	<b>(9,558)</b>	<b>43,325</b>
<b>Balance as at 1 June 2012</b>	44,421	8,375	80	(14,044)	38,832
Total comprehensive income for the period	-	-	-	2,134	2,134
<b>Balance as at 28 February 2013</b>	<b>44,421</b>	<b>8,375</b>	<b>80</b>	<b>(11,910)</b>	<b>40,966</b>

(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 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 NINE MONTHS ENDED 28 FEBRUARY 2013 (UNAUDITED)**

	<b>Cumulative Quarters</b>	
	<b>9 months ended 28-Feb-13 RM'000</b>	<b>9 months ended 29-Feb-12 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	2,504	(134)
Adjustments for :		
Depreciation on property, plant and equipment	894	1,614
Property, plant and equipment written-off	170	-
Gain on disposal of other investment	-	(10)
Loss on disposal of property, plant and equipment	33	2
Interest income	(174)	(83)
Fair value gain on derivatives	(363)	(172)
Operating profit before changes in working capital	<u>3,064</u>	<u>1,217</u>
Changes in working capital :		
Trade and other receivables	2,149	178
Inventories	506	1,251
Trade and other payables	(4,768)	(1,177)
Cash flows generated from operations	<u>951</u>	<u>1,469</u>
Tax refunded/(paid)	83	(15)
Net cash flows generated from operating activities	<u>1,034</u>	<u>1,454</u>
<b>Cash flows from investing activities</b>		
Acquisition of other investment	-	(500)
Proceeds from disposal of other investment	-	610
Purchase of property, plant and equipment	(1,767)	(861)
Proceeds from disposal of property, plant & equipment	91	113
Interest received	174	83
Net cash flow used in investing activities	<u>(1,502)</u>	<u>(555)</u>
<b>Cash flows from financing activities</b>		
Short term borrowing released	363	1,993
Net cash flow generated from financing activities	<u>363</u>	<u>1,993</u>
Net (decrease)/increase in cash and cash equivalents	(105)	2,892
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>11,982</u>	<u>8,608</u>
Cash and cash equivalents at end of the period consist of :		
Short term fund	4,154	1,110
Deposits with licensed banks	5,294	3,205
Cash and bank balances	2,534	4,293
	<u>11,982</u>	<u>8,608</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 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**

### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2013**

#### **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.

This interim financial report should be read in conjunction with the Group's annual audited financial statements for the year ended 31 May 2012. 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 for the financial period ended 28 February 2013.

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 2012, except for the adoption of Malaysia Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 January 2012. The Group adopted the MFRS framework with effect from 1 June 2012. The adoptions of MFRS framework do not have significant impact on the financial statements of 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 28 February 2013.

##### **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 28 February 2013.

##### **A7. Dividends Paid**

No dividends were paid during the current financial period ended 28 February 2013.

##### **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 28 February 2013.

**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 28-Feb-13 RM'000</b>
Plant and equipment	
- contracted but not provided for	<u>338</u>

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 28 FEBRUARY 2013  
PART B : REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED  
LISTING REQUIREMENTS****B1. Review of Performance**

The Group recorded a revenue of RM46.02 million for the current financial period ended 28 February 2013 reflecting an decrease of RM1.99 million or 4.15% when compared to the revenue of RM48.01 million in the preceding financial period. The Group registered a profit before tax of RM2.50 million when compared to the loss before tax of RM0.14 million in the preceding financial period. Overall, the improved result 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 RM12.68 million for the current quarter ended 28 February 2013 reflecting a decrease of RM2.83 million or 18.24% when compared to the revenue of RM15.51 million in the previous quarter ended 30 November 2012. The Group registered a profit before tax of RM0.28 million when compared to the profit before tax of RM0.69 million in the previous quarter. The result was mainly due to lower revenue in the current quarter.

**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 28-Feb-13 RM'000	3 months ended 29-Feb-12 RM'000	9 months ended 28-Feb-13 RM'000	9 months ended 29-Feb-12 RM'000
Current tax expense				
Malaysian - Current	9	10	30	10
- Prior years		-	(5)	-
Deferred tax expense				
Malaysian - Current	(8)	(440)	345	(868)
- Prior years	-	-	-	-
	<u>1</u>	<u>(430)</u>	<u>370</u>	<u>(858)</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 announcement.

## B7. Group Borrowings and Debt Securities

The group borrowings and debt securities were as follows:

	<b>28-Feb-13</b>	<b>31-May-12</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings - unsecured		
Trust receipt	3,253	2890

Borrowings are denominated in US Dollars.

## B8. Derivative Financial Liabilities

Details of outstanding derivative financial instruments as at 28 February 2013:

Foreign Exchange Forward Contracts :	Value	Fair Value	Loss
Within 1 year	RM'000	RM'000	RM'000
- Used to hedge trade receivables	10,811	10,927	(116)
- Used to hedge trade payables	613	609	(4)
			<u>(120)</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.

## 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 28 February 2013.

## B11. Earnings Per Share

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	3 months ended	9 months ended	9 months ended
Profit attributable to owners of the parent (RM'000)	28-Feb-13 275	29-Feb-12 1,570	28-Feb-13 2,134	29-Feb-12 724
Weighted average number of ordinary shares in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings per share (sen)	0.62	3.53	4.80	1.63

Diluted earnings per share for the financial period ended 28 February 2013 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended 28-Feb-13</b>	<b>3 months ended 29-Feb-12</b>	<b>9 months ended 28-Feb-13</b>	<b>9 months ended 29-Feb-12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bad debts written off	-		145	-
Depreciation of property, plant and equipment	302	447	894	1,614
Fair value loss/(gain) on derivatives	63	(439)	(363)	(172)
Gain on disposal of other investment	-	-	-	(10)
Loss/(gain) on foreign exchange	224	(62)	23	(479)
Interest expenses	16	10	47	22
Interest income	(58)	(31)	(174)	(82)
Loss on disposal of property, plant and equipment	33	-	33	2
Property, plant and equipment written off	-	-	170	-

## 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 loss) are as follows:

	<b>As at 28-Feb-13</b>	<b>As at 31-May-12</b>
	<b>RM'000</b>	<b>RM'000</b>
The retained profits/(accumulated losses) of the Group		
- Realised	15,375	13,244
- Unrealised	(465)	(483)
	<u>14,910</u>	<u>12,761</u>
Less : Consolidation adjustments	<u>(26,820)</u>	<u>(26,805)</u>
	<u>(11,910)</u>	<u>(14,044)</u>

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
29 April 2013