

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2013**

	(Unaudited) 31-May-13 RM'000	(Audited) 31-May-12 RM'000
ASSETS		
Property, plant and equipment	22,138	21,449
Other investments	2,500	500
Total non-current assets	<u>24,638</u>	<u>21,949</u>
Trade and other receivables	1,297	5,070
Inventories	12,806	10,683
Current tax assets	13	257
Cash and cash equivalents	11,647	12,087
Total current assets	<u>25,763</u>	<u>28,097</u>
TOTAL ASSETS	<u><u>50,401</u></u>	<u><u>50,046</u></u>
EQUITY		
Share capital	44,421	44,421
Reserves	(2,606)	(5,589)
Total equity attributable to owners of the Company	<u>41,815</u>	<u>38,832</u>
LIABILITIES		
Deferred tax liabilities	666	-
Total non-current liabilities	<u>666</u>	<u>-</u>
Borrowings	3,409	2,890
Trade and other payables	4,506	7,841
Derivative financial liabilities	5	483
Total current liabilities	<u>7,920</u>	<u>11,214</u>
Total liabilities	<u>8,586</u>	<u>11,214</u>
TOTAL EQUITY AND LIABILITIES	<u><u>50,401</u></u>	<u><u>50,046</u></u>
Net assets per share (sen)	94.13	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 THE FINANCIAL YEAR ENDED 31 MAY 2013 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-May-13 RM'000	3 months ended 31-May-12 RM'000	12 months ended 31-May-13 RM'000	12 months ended 31-May-12 RM'000
Continuing operations				
Revenue	14,887	15,949	60,902	63,958
Cost of sales	<u>(11,543)</u>	<u>(14,828)</u>	<u>(49,098)</u>	<u>(57,677)</u>
Gross profit	3,344	1,121	11,804	6,281
Distribution expenses	(415)	(446)	(1,870)	(1,867)
Administrative expenses	(1,780)	(1,785)	(6,559)	(6,185)
Finance costs	(17)	(17)	(64)	(39)
Other expenses	(17)	(3,187)	(206)	(3,380)
Other incomes	55	(189)	569	553
Profit/(loss) before tax	1,170	(4,503)	3,674	(4,637)
Income tax expense	<u>(327)</u>	<u>(3)</u>	<u>(697)</u>	<u>855</u>
Profit/(loss) for the period/year	843	(4,506)	2,977	(3,782)
Other comprehensive income for the period/year	-	-	-	-
Total comprehensive income for the period/year	<u>843</u>	<u>(4,506)</u>	<u>2,977</u>	<u>(3,782)</u>
Profit/(loss) attributable to :				
Owners of the Parent	843	(4,506)	2,977	(3,782)
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the period/year	<u>843</u>	<u>(4,506)</u>	<u>2,977</u>	<u>(3,782)</u>
Total comprehensive profit/(loss) attributable to				
Owners of the Parent	843	(4,506)	2,977	(3,782)
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive profit/(loss) for the period/year	<u>843</u>	<u>(4,506)</u>	<u>2,977</u>	<u>(3,782)</u>
Basic earnings per ordinary share (sen)	1.90	(10.14)	6.70	(8.51)
Diluted earnings per ordinary share (sen)	1.90	(10.14)	6.70	(8.51)

(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 THE FINANCIAL YEAR ENDED 31 MAY 2013 (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>	
Balance as at 1 June 2011	44,421	8,375	87	(10,282)	42,601
Total comprehensive expense for the year	-	-	-	(3,782)	(3,782)
Share-based payment under ESOS	-	-	13	-	13
Share option expired/lapsed	-	-	(21)	21	-
Balance as at 31 May 2012	<u>44,421</u>	<u>8,375</u>	<u>79</u>	<u>(14,043)</u>	<u>38,832</u>
Balance as at 1 June 2012	44,421	8,375	79	(14,043)	38,832
Total comprehensive income for the year	-	-	-	2,977	2,977
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>(11,061)</u>	<u>41,815</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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2013 (UNAUDITED)**

	Cumulative Quarters	
	12 months ended	
	31-May-13	31-May-12
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	3,674	(4,637)
Adjustments for :		
Depreciation on property, plant and equipment	1,210	2,062
Property, plant and equipment written-off	172	-
Impairment loss on plant and equipment	-	3,147
Gain on disposal of other investment	-	(10)
(Gain)/loss on disposal of property, plant and equipment	(20)	2
Interest income	(224)	(117)
Interest expense	64	39
Fair value (gain)/loss on derivatives	(479)	506
Share-based payment	6	13
Operating profit before changes in working capital	4,403	1,005
Changes in working capital :		
Trade and other receivables	3,773	191
Inventories	(2,123)	2,923
Trade and other payables	(3,334)	785
Cash flows generated from operations	2,719	4,904
Tax refunded	212	567
Net cash flows generated from operating activities	2,931	5,471
Cash flows from investing activities		
Acquisition of other investment	(2,000)	(500)
Proceeds from disposal of other investment	-	610
Purchase of property, plant and equipment	(2,229)	(1,133)
Proceeds from disposal of property, plant & equipment	179	113
Interest received	224	117
Net cash flows used in investing activities	(3,826)	(793)
Cash flows from financing activities		
Interest paid	(64)	(39)
Short term borrowing released	519	1,732
Net cash flows generated from financing activities	455	1,693
Net (decrease)/increase in cash and cash equivalents	(440)	6,371
Cash and cash equivalents at beginning of the year	12,087	5,716
Cash and cash equivalents at end of the year	11,647	12,087
Cash and cash equivalents at end of the year consist of :		
Short term funds	4,171	1,124
Cash and bank balances	7,476	10,963
	11,647	12,087

(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 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 FINANCIAL YEAR ENDED 31 MAY 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 year ended 31 May 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 year ended 31 May 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 year ended 31 May 2013.

A7. Dividends Paid

No dividends were paid during the current financial year ended 31 May 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 year ended 31 May 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

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

EUROSPAN HOLDINGS BERHAD (351927-M)

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AND ITS SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 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 RM60.90 million for the current financial year ended 31 May 2013 reflecting a decrease of RM3.06 million or 4.78% when compared to the revenue of RM63.96 million in the preceding financial year. The Group registered a profit before tax of RM3.67 million when compared to the loss before tax of RM4.64 million in the preceding financial year. Overall, the improved result was mainly due to different product mix for the current financial year under review. Besides, there was an impairment loss of plant and equipment amounting RM3.1 million in the preceding financial year.

B2. Variation of Results Against Preceding Quarter

The Group recorded a revenue of RM14.89 million for the current quarter ended 31 May 2013 reflecting an increase of RM2.21 million or 17.43% when compared to the revenue of RM12.68 million in the previous quarter ended 28 February 2013. The Group registered a profit before tax of RM1.17 million when compared to the profit before tax of RM0.28 million in the previous quarter. The result was mainly due to different product mix for the current financial period 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	3 months ended	12 months ended	12 months ended
	31-May-13	31-May-12	31-May-13	31-May-12
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - Current	6	3	36	13
- Prior years	-	-	(5)	-
Deferred tax expense				
Malaysian - Current	321	-	666	(868)
- Prior years	-	-	-	-
	<u>327</u>	<u>3</u>	<u>697</u>	<u>(855)</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:

	31-May-13	31-May-12
	RM'000	RM'000
Short term borrowings - unsecured Trust receipt	3,409	2,890

Borrowings are denominated in US Dollars.

B8. Derivative Financial Assets/Liabilities

Details of outstanding derivative financial instruments as at 31 May 2013:

Foreign Exchange Forward Contracts :	Value	Fair Value	Gain/(Loss)
Within 1 year	RM'000	RM'000	RM'000
- Used to hedge trade receivables	11,216	11,240	(24)
- Used to hedge trade payables	1,616	1,635	19
			<u>(5)</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 announcement.

B10. Dividends

The directors do not recommend the payment of any dividend for the current financial year ended 31 May 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	3 months	12 months	12 months
	ended	ended	ended	ended
	31-May-13	31-May-12	31-May-13	31-May-12
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the parent (RM'000)	843	(4,506)	2,977	(3,782)
Weighted average number of ordinary share in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings per share (sen)	1.90	(10.14)	6.70	(8.51)

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

	Individual Quarter		Cumulative Quarters	
	3 months ended	3 months ended	12 months ended	12 months ended
	31-May-13	31-May-12	31-May-13	31-May-12
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	-	145	-
Depreciation of property, plant and equipment	316	448	1,210	2,062
Fair value (gain)/loss on derivatives	(115)	678	(478)	506
Gain on disposal of other investment	-	-	-	(10)
Impairment loss on plant and equipment	-	3,147	-	3,147
Loss/(gain) on foreign exchange	130	(452)	153	(908)
Interest expense	18	17	64	39
Interest income	(50)	(35)	(224)	(117)
(Gain)/loss on disposal of property, plant and equipment	(53)	-	(20)	2
Property, plant and equipment written off	1	-	172	-

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	As at
	31-May-13	31-May-12
	RM'000	RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	14,298	13,244
- Unrealised	<u>(671)</u>	<u>(483)</u>
	13,627	12,761
Less : Consolidation adjustments	<u>(24,689)</u>	<u>(26,805)</u>
	<u><u>(11,062)</u></u>	<u><u>(14,044)</u></u>

BY ORDER OF THE BOARD

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