

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2014**

	(Unaudited) 28-Feb-14 RM'000	(Audited) 31-May-13 RM'000
ASSETS		
Property, plant and equipment	22,139	22,138
Other investments	2,500	2,500
Total non-current assets	<u>24,639</u>	<u>24,638</u>
Trade and other receivables	3,757	5,638
Inventories	8,612	12,806
Current tax assets	-	13
Cash and cash equivalents	18,040	11,647
Total current assets	<u>30,409</u>	<u>30,104</u>
TOTAL ASSETS	<u><u>55,048</u></u>	<u><u>54,742</u></u>
EQUITY		
Share capital	44,421	44,421
Reserves	1,687	(2,346)
Total equity attributable to owners of the Company	<u>46,108</u>	<u>42,075</u>
LIABILITIES		
Deferred tax liabilities	509	406
Total non-current liabilities	<u>509</u>	<u>406</u>
Borrowings	1,660	3,409
Trade and other payables	6,238	8,852
Current tax liabilities	533	-
Total current liabilities	<u>8,431</u>	<u>12,261</u>
Total liabilities	<u>8,940</u>	<u>12,667</u>
TOTAL EQUITY AND LIABILITIES	<u><u>55,048</u></u>	<u><u>54,742</u></u>
Net assets per share (sen)	103.80	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 PERIOD ENDED 28 FEBRUARY 2014 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 28-Feb-14 RM'000	3 months ended 28-Feb-13 RM'000	9 months ended 28-Feb-14 RM'000	9 months ended 28-Feb-13 RM'000
Continuing operations				
Revenue	15,922	12,685	50,504	46,015
Cost of sales	<u>(12,910)</u>	<u>(10,162)</u>	<u>(40,130)</u>	<u>(37,555)</u>
Gross profit	3,012	2,523	10,374	8,460
Distribution expenses	(448)	(429)	(1,492)	(1,455)
Administrative expenses	(1,776)	(1,492)	(4,819)	(4,779)
Finance costs	(19)	(16)	(48)	(47)
Other expenses	(47)	(81)	(164)	(189)
Other incomes	564	(229)	847	514
Profit before tax	1,286	276	4,698	2,504
Income tax expense	<u>(376)</u>	<u>(1)</u>	<u>(665)</u>	<u>(370)</u>
Profit for the period	910	275	4,033	2,134
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>910</u>	<u>275</u>	<u>4,033</u>	<u>2,134</u>
Profit attributable to :				
Owners of the Parent	910	275	4,033	2,134
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period	<u>910</u>	<u>275</u>	<u>4,033</u>	<u>2,134</u>
Total comprehensive profit attributable to				
Owners of the Parent	910	275	4,033	2,134
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive profit for the period	<u>910</u>	<u>275</u>	<u>4,033</u>	<u>2,134</u>
Basic earnings per ordinary share (sen)	2.05	0.62	9.08	4.80
Diluted earnings per ordinary share (sen)	2.05	0.62	9.08	4.80

(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 PERIOD ENDED 28 FEBRUARY 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>	
Balance as at 1 June 2012	44,421	8,375	80	(14,044)	38,832
Total comprehensive income for the period	-	-	-	2,134	2,134
Balance as at 28 February 2013	<u>44,421</u>	<u>8,375</u>	<u>80</u>	<u>(11,910)</u>	<u>40,966</u>
Balance as at 1 June 2013	44,421	8,375	81	(10,802)	42,075
Total comprehensive income for the period	-	-	-	4,033	4,033
Balance as at 28 February 2014	<u>44,421</u>	<u>8,375</u>	<u>81</u>	<u>(6,769)</u>	<u>46,108</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 PERIOD ENDED 28 FEBRUARY 2014 (UNAUDITED)**

	Cumulative Quarters 9 months ended	
	28-Feb-14 RM'000	28-Feb-13 RM'000
Cash flows from operating activities		
Profit before tax	4,698	2,504
Adjustments for :		
Depreciation on property, plant and equipment	1,046	894
Property, plant and equipment written-off	-	170
(Gain)/loss on disposal of property, plant and equipment	(64)	33
Interest income	(212)	(174)
Interest expense	48	47
Fair value loss/(gain) on derivatives	117	(363)
Operating profit before changes in working capital	5,633	3,111
Changes in working capital :		
Trade and other receivables	1,881	2,149
Inventories	4,194	506
Trade and other payables	(2,731)	(4,768)
Cash flows generated from operations	8,977	998
Tax (paid)/refunded	(16)	83
Net cash flows generated from operating activities	8,961	1,081
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,048)	(1,767)
Proceeds from disposal of property, plant & equipment	65	91
Interest received	212	174
Net cash flows used in investing activities	(771)	(1,502)
Cash flows from financing activities		
Interest paid	(48)	(47)
Short term borrowing repayment	(1,749)	363
Net cash flows (used in)/generated from financing activities	(1,797)	316
Net increase/(decrease) in cash and cash equivalents	6,393	(105)
Cash and cash equivalents at beginning of the period	11,647	12,087
Cash and cash equivalents at end of the period	18,040	11,982
Cash and cash equivalents at end of the period consist of :		
Short term funds	10,271	4,154
Cash and bank balances	7,769	7,828
	18,040	11,982

(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)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 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 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 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 period ended 28 February 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 28 February 2014.

A7. Dividends Paid

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

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

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 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 RM50.50 million for the current financial period ended 28 February 2014 reflecting an increase of RM4.49 million or 9.76% when compared to the revenue of RM46.01 million in the preceding year corresponding financial period. The Group registered a profit before tax of RM4.70 million when compared to the profit before tax of RM2.50 million in the preceding year corresponding financial period. The result was mainly due to different product mix and strengthening of US Dollar for the current financial period under review.

B2. Variation of Results Against Preceding Quarter

The Group recorded a revenue of RM15.92 million for the current quarter ended 28 February 2014 reflecting an decrease of RM1.54 million or 8.84% when compared to the revenue of RM17.46 million in the previous quarter ended 30 November 2013. The Group registered a profit before tax of RM1.29 million when compared to the profit before tax of RM1.97 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	3 months ended	9 months ended	9 months ended
	28-Feb-14	28-Feb-13	28-Feb-14	28-Feb-13
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - Current	176	9	562	30
- Prior years	-	-	-	(5)
Deferred tax expense				
Malaysian - Current	200	(8)	103	345
- Prior years	-	-	-	-
	<u>376</u>	<u>1</u>	<u>665</u>	<u>370</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 and reversal of deferred tax liabilities.

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:

	28-Feb-14	28-Feb-13
	RM'000	RM'000
Short term borrowings - unsecured		
Trust receipt	1,660	3,253

Borrowings are denominated in US Dollars.

B8. Derivative Financial Liabilities

Details of outstanding derivative financial instruments as at 28 February 2014:

Foreign Exchange Forward Contracts :	Value	Fair Value	Gain/(Loss)
Within 1 year	RM'000	RM'000	RM'000
- Used to hedge trade receivables	11,118	11,236	(118)
- Used to hedge trade payables	854	851	(3)
			<u>(121)</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 28 February 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	9 months ended	9 months ended
	28-Feb-14	28-Feb-13	28-Feb-14	28-Feb-13
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the parent (RM'000)	910	275	4,033	2,134
Weighted average number of ordinary share in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings per share (sen)	2.05	0.62	9.08	4.80

Diluted earnings per share for the financial period ended 28 February 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	3 months ended	9 months ended	9 months ended
	28-Feb-14	28-Feb-13	28-Feb-14	28-Feb-13
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	-	5	145
Depreciation of property, plant and equipment	375	302	1,046	894
Fair value loss /(gain)on derivatives	118	63	117	(363)
(Gain)/Loss on disposal of property, plant and equipment	(65)	33	(64)	33
(Gain)/Loss on foreign exchange	(540)	224	(687)	23
Interest expense	19	16	48	47
Interest income	(88)	(58)	(212)	(174)
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 losses) are as follows:

	As at	As at
	28-Feb-14	31-May-13
	RM'000	RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	18,488	14,311
- Unrealised	<u>(631)</u>	<u>(423)</u>
	17,857	13,888
Less : Consolidation adjustments	<u>(24,626)</u>	<u>(24,690)</u>
	<u><u>(6,769)</u></u>	<u><u>(10,802)</u></u>

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
28 April 2014