

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2014**

	(Unaudited) 31-Aug-14 RM'000	(Audited) 31-May-14 RM'000
<b>ASSETS</b>		
Property, plant and equipment	21,993	22,059
Other investments	6,580	4,500
<b>Total non-current assets</b>	<u>28,573</u>	<u>26,559</u>
Trade and other receivables	3,131	4,524
Inventories	11,324	11,958
Derivative financial assets	57	51
Cash and cash equivalents	17,094	18,608
<b>Total current assets</b>	<u>31,606</u>	<u>35,141</u>
<b>TOTAL ASSETS</b>	<u><u>60,179</u></u>	<u><u>61,700</u></u>
<b>EQUITY</b>		
Share capital	44,421	44,421
Reserves	3,702	3,330
<b>Total equity attributable to owners of the Company</b>	<u>48,123</u>	<u>47,751</u>
<b>LIABILITIES</b>		
Deferred tax liabilities	723	612
<b>Total non-current liabilities</b>	<u>723</u>	<u>612</u>
Borrowings	3,777	3,210
Trade and other payables	7,262	9,613
Current tax liabilities	294	514
<b>Total current liabilities</b>	<u>11,333</u>	<u>13,337</u>
<b>Total liabilities</b>	<u>12,056</u>	<u>13,949</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>60,179</u></u>	<u><u>61,700</u></u>
Net assets per share (sen)	108.33	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 31 AUGUST 2014 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 31-Aug-14 RM'000	3 months ended 31-Aug-13 RM'000	3 months ended 31-Aug-14 RM'000	3 months ended 31-Aug-13 RM'000
<b>Continuing operations</b>				
Revenue	15,160	17,118	15,160	17,118
Cost of sales	(12,674)	(13,310)	(12,674)	(13,310)
<b>Gross profit</b>	<u>2,486</u>	<u>3,808</u>	<u>2,486</u>	<u>3,808</u>
Distribution expenses	(526)	(489)	(526)	(489)
Administrative expenses	(2,005)	(1,385)	(2,005)	(1,385)
Finance costs	(15)	(18)	(15)	(18)
Other expenses	-	(528)	-	(528)
Other incomes	549	56	549	56
<b>Profit before tax</b>	<u>489</u>	<u>1,444</u>	<u>489</u>	<u>1,444</u>
Income tax expense	(117)	116	(117)	116
<b>Profit for the period</b>	<u>372</u>	<u>1,560</u>	<u>372</u>	<u>1,560</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>372</u>	<u>1,560</u>	<u>372</u>	<u>1,560</u>
Profit attributable to :				
Owners of the Parent	372	1,560	372	1,560
Minority interest	-	-	-	-
Profit for the period	<u>372</u>	<u>1,560</u>	<u>372</u>	<u>1,560</u>
Total comprehensive profit attributable to Owners of the Parent	372	1,560	372	1,560
Minority interest	-	-	-	-
Total comprehensive profit for the period	<u>372</u>	<u>1,560</u>	<u>372</u>	<u>1,560</u>
Basic earnings per ordinary share (sen)	0.84	3.51	0.84	3.51
Diluted earnings per ordinary share (sen)	0.84	3.51	0.84	3.51

(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 31 AUGUST 2014 (UNAUDITED)**

	Non Distributable			Retained	Total
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	profits/ (Accumulated losses) RM'000	
<b>Balance as at 1 June 2013</b>	44,421	8,375	81	(10,802)	42,075
Total comprehensive income for the period	-	-	-	1,560	1,560
Share-based payment under ESOS	-	-	-	-	-
Share option expired/lapsed	-	-	-	-	-
<b>Balance as at 31 August 2013</b>	<b>44,421</b>	<b>8,375</b>	<b>81</b>	<b>(9,242)</b>	<b>43,635</b>
<b>Balance as at 1 June 2014</b>	44,421	8,375	70	(5,115)	47,751
Total comprehensive income for the period	-	-	-	372	372
Share-based payment under ESOS	-	-	-	-	-
Share option expired/lapsed	-	-	-	-	-
<b>Balance as at 31 Aug 2014</b>	<b>44,421</b>	<b>8,375</b>	<b>70</b>	<b>(4,743)</b>	<b>48,123</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 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)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2014 (UNAUDITED)**

	<b>Cumulative Quarters 3 months ended</b>	
	<b>31-Aug-14 RM'000</b>	<b>31-Aug-13 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	489	1,444
Adjustments for :		
Depreciation on property, plant and equipment	398	333
Interest income	(191)	(55)
Interest expense	15	18
Fair value gain on derivatives	(6)	652
Operating profit before changes in working capital	<u>705</u>	<u>2,392</u>
Changes in working capital :		
Trade and other receivables	1,393	3,356
Inventories	634	1,248
Trade and other payables	(2,351)	(3,184)
Cash flows generated from operations	<u>381</u>	<u>3,812</u>
Tax (paid)/refunded	(226)	-
Net cash flows generated from operating activities	<u>155</u>	<u>3,812</u>
<b>Cash flows from investing activities</b>		
Acquisition of other investment	(2,080)	-
Purchase of property, plant and equipment	(332)	(226)
Interest received	191	55
Net cash flows used in investing activities	<u>(2,221)</u>	<u>(171)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(15)	(18)
Short term borrowing released/(repayment)	567	(1,741)
Net cash flows generated from/(used in) financing activities	<u>552</u>	<u>(1,759)</u>
Net (decrease)/increase in cash and cash equivalents	(1,514)	1,882
Cash and cash equivalents at beginning of the period	<u>18,608</u>	<u>11,647</u>
Cash and cash equivalents at end of the period	<u>17,094</u>	<u>13,529</u>
Cash and cash equivalents at end of the period consist of :		
Short term funds	8,354	4,194
Cash and bank balances	8,740	9,335
	<u>17,094</u>	<u>13,529</u>

(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.)

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

(Incorporated in Malaysia)

## **AND ITS SUBSIDIARIES**

### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 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, 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 31 August 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 31 August 2014.

### **A7. Dividends Paid**

No dividends were paid during the current financial period ended 31 August 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 31 August 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.

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

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

**B1. Review of Performance**

The Group recorded revenue of RM15.16 million for the current financial period ended 31 August 2014 reflecting a decrease of RM1.96 million or 11.44% when compared to the revenue of RM17.12 million in the preceding year corresponding period. The Group registered a profit before tax of RM0.49 million when compared to the profit before tax of RM1.44 million in the preceding year corresponding period. The result was mainly due to different product mix during the current financial period.

**B2. Variation of Results Against Preceding Quarter**

The Group recorded revenue of RM15.16 million for the current financial quarter ended 31 August 2014 reflecting an increase of RM0.47 million or 3.19% when compared to the revenue of RM14.69 million in the previous financial quarter ended 31 May 2014. The Group registered a profit before tax of RM0.49 million when compared to the profit before tax of RM2.15 million in the previous financial quarter. The result was mainly due to different product mix and higher gain in foreign exchange in the previous financial 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**

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended 31-Aug-14 RM'000</b>	<b>3 months ended 31-Aug-13 RM'000</b>	<b>3 months ended 31-Aug-14 RM'000</b>	<b>3 months ended 31-Aug-13 RM'000</b>
Current tax expense				
Malaysian - Current	6	191	6	191
- Prior years	-	-	-	-
Deferred tax expense				
Malaysian - Current	111	(307)	111	(307)
- Prior years	-	-	-	-
	<u>117</u>	<u>(116)</u>	<u>117</u>	<u>(116)</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:

	<b>31-Aug-14</b> <b>RM'000</b>	<b>31-Aug-13</b> <b>RM'000</b>
Short term borrowings - unsecured Trust receipt	3,777	1,668

Borrowings are denominated in US Dollars.

## B8. Derivative Financial Liabilities

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

Foreign Exchange Forward Contracts : Within 1 year	Value RM'000	Fair Value RM'000	Gain/(Loss) RM'000
- Used to hedge trade receivables	7,385	7,318	67
- Used to hedge trade payables	388	378	<u>(10)</u>
			<u>57</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 31 August 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.

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended 31-Aug-14 RM'000</b>	<b>3 months ended 31-Aug-13 RM'000</b>	<b>3 months ended 31-Aug-14 RM'000</b>	<b>3 months ended 31-Aug-13 RM'000</b>
Profit attributable to owners of the parent (RM'000)	372	1,560	372	1,560
Weighted average number of ordinary share in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings per share (sen)	0.84	3.51	0.84	3.51

Diluted earnings per share for the financial period ended 31 August 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 31-Aug-14 RM'000	3 months ended 31-Aug-13 RM'000	3 months ended 31-Aug-14 RM'000	3 months ended 31-Aug-13 RM'000
Depreciation of property, plant and equipment	398	333	398	333
Fair value (gain)/loss on derivatives	(57)	653	(57)	653
Loss/(gain) on foreign exchange	(301)	(130)	(301)	(130)
Interest expense	15	18	15	18
Interest income	(191)	(55)	(191)	(55)

## 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-Aug-14 RM'000	As at 31-May-14 RM'000
The retained profits/(accumulated losses) of the Group		
- Realised	20,557	20,170
- Unrealised	(652)	(660)
	<u>19,905</u>	<u>19,510</u>
Less : Consolidation adjustments	<u>(4,743)</u>	<u>(5,115)</u>

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
29 September 2014