

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2013**

	(Unaudited) 30-Nov-13 RM'000	(Audited) 31-May-13 RM'000
<b>ASSETS</b>		
Property, plant and equipment	21,673	22,138
Other investments	2,500	2,500
<b>Total non-current assets</b>	<u>24,173</u>	<u>24,638</u>
Trade and other receivables	2,233	5,638
Inventories	9,706	12,806
Current tax assets	-	13
Cash and cash equivalents	17,873	11,647
<b>Total current assets</b>	<u>29,812</u>	<u>30,104</u>
<b>TOTAL ASSETS</b>	<u><u>53,985</u></u>	<u><u>54,742</u></u>
<b>EQUITY</b>		
Share capital	44,421	44,421
Reserves	777	(2,346)
<b>Total equity attributable to owners of the Company</b>	<u>45,198</u>	<u>42,075</u>
<b>LIABILITIES</b>		
Deferred tax liabilities	309	406
<b>Total non-current liabilities</b>	<u>309</u>	<u>406</u>
Borrowings	3,407	3,409
Trade and other payables	4,709	8,852
Current tax liabilities	362	-
<b>Total current liabilities</b>	<u>8,478</u>	<u>12,261</u>
<b>Total liabilities</b>	<u>8,787</u>	<u>12,667</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>53,985</u></u>	<u><u>54,742</u></u>
Net assets per share (sen)	101.75	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 30 NOVEMBER 2013 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-13 RM'000	3 months ended 30-Nov-12 RM'000	6 months ended 30-Nov-13 RM'000	6 months ended 30-Nov-12 RM'000
<b>Continuing operations</b>				
Revenue	17,464	15,513	34,582	33,330
Cost of sales	<u>(13,910)</u>	<u>(12,479)</u>	<u>(27,220)</u>	<u>(27,393)</u>
<b>Gross profit</b>	3,554	3,034	7,362	5,937
Distribution expenses	(555)	(484)	(1,044)	(1,026)
Administrative expenses	(1,658)	(1,836)	(3,043)	(3,287)
Finance costs	(11)	(15)	(29)	(31)
Other expenses	411	(63)	(117)	(108)
Other incomes	<u>227</u>	<u>58</u>	<u>283</u>	<u>743</u>
<b>Profit before tax</b>	1,968	694	3,412	2,228
Income tax expense	<u>(405)</u>	<u>(91)</u>	<u>(289)</u>	<u>(369)</u>
<b>Profit for the period</b>	1,563	603	3,123	1,859
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>1,563</u>	<u>603</u>	<u>3,123</u>	<u>1,859</u>
Profit attributable to :				
Owners of the Parent	1,563	603	3,123	1,859
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period	<u>1,563</u>	<u>603</u>	<u>3,123</u>	<u>1,859</u>
Total comprehensive profit attributable to				
Owners of the Parent	1,563	603	3,123	1,859
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive profit for the period	<u>1,563</u>	<u>603</u>	<u>3,123</u>	<u>1,859</u>
Basic earnings per ordinary share (sen)	3.52	1.36	7.03	4.18
Diluted earnings per ordinary share (sen)	3.52	1.36	7.03	4.18

(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 30 NOVEMBER 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>	
<b>Balance as at 1 June 2012</b>	44,421	8,375	80	(14,044)	38,832
Total comprehensive income for the period	-	-	-	1,859	1,859
<b>Balance as at 30 November 2012</b>	<b><u>44,421</u></b>	<b><u>8,375</u></b>	<b><u>80</u></b>	<b><u>(12,185)</u></b>	<b><u>40,691</u></b>
<b>Balance as at 1 June 2013</b>	44,421	8,375	81	(10,802)	42,075
Total comprehensive income for the period	-	-	-	3,123	3,123
<b>Balance as at 30 November 2013</b>	<b><u>44,421</u></b>	<b><u>8,375</u></b>	<b><u>81</u></b>	<b><u>(7,679)</u></b>	<b><u>45,198</u></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 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 30 NOVEMBER 2013 (UNAUDITED)**

	Cumulative Quarters	
	6 months ended	
	30-Nov-13	30-Nov-12
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	3,412	2,228
Adjustments for :		
Depreciation on property, plant and equipment	671	592
Property, plant and equipment written-off	-	170
Loss on disposal of property, plant and equipment	1	-
Interest income	(124)	(116)
Interest expense	29	31
Fair value gain on derivatives	(1)	(426)
Operating profit before changes in working capital	3,988	2,479
Changes in working capital :		
Trade and other receivables	3,405	1,286
Inventories	3,100	1,896
Trade and other payables	(4,142)	(3,352)
Cash flows generated from operations	6,351	2,309
Tax paid	(11)	(8)
Net cash flows generated from operating activities	6,340	2,301
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(208)	(1,579)
Proceeds from disposal of property, plant & equipment	1	-
Interest received	124	116
Net cash flows used in investing activities	(83)	(1,463)
<b>Cash flows from financing activities</b>		
Interest paid	(29)	(31)
Short term borrowing repayment	(2)	126
Net cash flows (used in)/generated from financing activities	(31)	95
Net increase in cash and cash equivalents	6,226	933
Cash and cash equivalents at beginning of the period	11,647	12,087
Cash and cash equivalents at end of the period	17,873	13,020
Cash and cash equivalents at end of the period consist of :		
Short term funds	7,220	1,142
Cash and bank balances	10,653	11,878
	17,873	13,020

(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 30 NOVEMBER 2013**

#### **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 30 November 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 30 November 2013.

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

No dividends were paid during the current financial period ended 30 November 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. 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 30 November 2013.

#### **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 30 NOVEMBER 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 RM34.58 million for the current financial period ended 30 November 2013 reflecting an increase of RM1.25 million or 3.76% when compared to the revenue of RM33.33 million in the preceding year corresponding financial period. The Group registered a profit before tax of RM3.41 million when compared to the profit before tax of RM2.23 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 RM17.46 million for the current quarter ended 30 November 2013 reflecting an increase of RM0.35 million or 2.02% when compared to the revenue of RM17.12 million in the previous quarter ended 31 August 2013. The Group registered a profit before tax of RM1.96 million when compared to the profit before tax of RM1.44 million in the previous quarter. The result was mainly due to different product mix and strengthening of US Dollar 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**

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30-Nov-13</b>	<b>30-Nov-12</b>	<b>30-Nov-13</b>	<b>30-Nov-12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense				
Malaysian - Current	195	13	386	20
- Prior years	-	(5)	-	(5)
Deferred tax expense				
Malaysian - Current	210	83	(97)	354
- Prior years	-	-	-	-
	<u>405</u>	<u>91</u>	<u>289</u>	<u>369</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:

	<b>30-Nov-13</b>	<b>30-Nov-12</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings - unsecured		
Trust receipt	3,407	3,016

Borrowings are denominated in US Dollars.

## B8. Derivative Financial Liabilities

Details of outstanding derivative financial instruments as at 30 November 2013:

Foreign Exchange Forward Contracts :	Value	Fair Value	Gain/(Loss)
Within 1 year	RM'000	RM'000	RM'000
- Used to hedge trade receivables	15,268	15,283	(15)
- Used to hedge trade payables	1,450	1,461	11
			<u>(4)</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 30 November 2013.

## 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</b>	<b>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30-Nov-13</b>	<b>30-Nov-12</b>	<b>30-Nov-13</b>	<b>30-Nov-12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the parent (RM'000)	1,563	603	3,123	1,859
Weighted average number of ordinary share in issue ('000)	44,421	44,421	44,421	44,421
Basic earnings per share (sen)	3.52	1.36	7.03	4.18

Diluted earnings per share for the financial period ended 30 November 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</b>	<b>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30-Nov-13</b>	<b>30-Nov-12</b>	<b>30-Nov-13</b>	<b>30-Nov-12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bad debts written off	5	145	5	145
Depreciation of property, plant and equipment	338	296	671	592
Fair value (gain)/loss on derivatives	(653)	145	(1)	(426)
Loss on disposal of property, plant and equipment	1	-	1	-
Gain on foreign exchange	(17)	(41)	(147)	(684)
Interest expense	11	15	29	31
Interest income	(69)	(58)	(124)	(116)
Property, plant and equipment written off	-	170	-	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:

	<b>As at</b>	<b>As at</b>
	<b>30-Nov-13</b>	<b>31-May-13</b>
	<b>RM'000</b>	<b>RM'000</b>
The retained profits/(accumulated losses) of the Group		
- Realised	17,241	14,311
- Unrealised	<u>(314)</u>	<u>(423)</u>
	16,927	13,888
Less : Consolidation adjustments	<u>(24,606)</u>	<u>(24,690)</u>
	<u><u>(7,679)</u></u>	<u><u>(10,802)</u></u>

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
13 January 2014