

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 29 FEBRUARY 2020**

	<b>(Unaudited) 29-Feb-20 RM'000</b>	<b>(Audited) 31-May-19 RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	19,532	20,585
Right of use asset	653	-
<b>Total non-current assets</b>	<b>20,185</b>	<b>20,585</b>
Inventories	14,214	16,487
Trade and other receivables	5,594	5,005
Tax recoverable	112	138
Other investments	7,030	6,810
Cash and cash equivalents	7,713	6,517
<b>Total current assets</b>	<b>34,663</b>	<b>34,957</b>
<b>TOTAL ASSETS</b>	<b>54,848</b>	<b>55,542</b>
<b>EQUITY</b>		
Share capital	52,796	52,796
Reserves	(9,972)	(9,976)
<b>Total equity attributable to owners of the Company</b>	<b>42,824</b>	<b>42,820</b>
<b>LIABILITIES</b>		
Provision for gratuity benefit	2,584	2,437
Borrowings	132	184
Lease liabilities	328	-
Deferred tax liabilities	541	-
<b>Total non-current liabilities</b>	<b>3,585</b>	<b>2,621</b>
Borrowings	1,927	1,471
Lease liabilities	337	-
Trade and other payables	6,175	8,630
<b>Total current liabilities</b>	<b>8,439</b>	<b>10,101</b>
<b>Total liabilities</b>	<b>12,024</b>	<b>12,722</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>54,848</b>	<b>55,542</b>
Net assets per share (sen)	96.40	96.40

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2019.)

(The notes set out on pages 5 to 11 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 29 FEBRUARY 2020 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 29-Feb-20 RM'000	3 months ended 28-Feb-19 RM'000	9 months ended 29-Feb-20 RM'000	9 months ended 28-Feb-19 RM'000
<b>Continuing operations</b>				
Revenue	11,651	10,890	42,548	37,231
Cost of sales	(9,724)	(8,974)	(34,672)	(30,591)
<b>Gross profit</b>	<u>1,927</u>	<u>1,916</u>	<u>7,876</u>	<u>6,640</u>
Selling and distribution expenses	(211)	(525)	(1,358)	(1,860)
Administrative expenses	(2,298)	(2,022)	(6,387)	(6,804)
Finance costs	(85)	(45)	(182)	(148)
Other operating expenses	(8)	629	(8)	(13)
Other incomes	113	86	610	282
<b>(Loss)/Profit before tax</b>	<u>(562)</u>	<u>39</u>	<u>551</u>	<u>(1,903)</u>
Taxation	(209)	(12)	(547)	235
<b>(Loss)/Profit after tax for the period</b>	<u>(771)</u>	<u>27</u>	<u>4</u>	<u>(1,668)</u>
Other comprehensive income for the period	-	49	-	(107)
<b>Total comprehensive (loss)/income for the period</b>	<u><u>(771)</u></u>	<u><u>76</u></u>	<u><u>4</u></u>	<u><u>(1,775)</u></u>
(Loss)/Profit attributable to :				
Owners of the Parent	(771)	27	4	(1,668)
Non controlling interest	-	-	-	-
<b>(Loss)/Profit after tax for the period</b>	<u><u>(771)</u></u>	<u><u>27</u></u>	<u><u>4</u></u>	<u><u>(1,668)</u></u>
Total comprehensive (loss)/income attributable to :				
Owners of the Parent	(771)	76	4	(1,775)
Non controlling interest	-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>	<u><u>(771)</u></u>	<u><u>76</u></u>	<u><u>4</u></u>	<u><u>(1,775)</u></u>
Basic (loss)/earnings per ordinary share (sen)	(1.74)	0.06	0.01	(3.75)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2019.)

(The notes set out on pages 5 to 11 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 29 FEBRUARY 2020 (UNAUDITED)**

	<u>Non Distributable</u>				Retained profits/ (Accumulate d losses) RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000		
<b>Balance as at 1 June 2018</b>	52,796	-	-	68	(6,089)	46,775
Total comprehensive loss for the period	-	-	-	(107)	(1,668)	(1,775)
<b>Balance as at 28 Feb 2019</b>	<b>52,796</b>	-	-	<b>(39)</b>	<b>(7,757)</b>	<b>45,000</b>
<b>Balance as at 1 June 2019</b>	52,796	-	-	-	(9,976)	42,820
Total comprehensive income for the period	-	-	-	-	4	4
<b>Balance as at 29 Feb 2020</b>	<b>52,796</b>	-	-	-	<b>(9,972)</b>	<b>42,824</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 2019.)

(The notes set out on pages 5 to 11 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 29 FEBRUARY 2020 (UNAUDITED)**

	<b>Cumulative Quarters</b>	
	<b>9 months ended</b>	
	<b>29-Feb-20</b>	<b>28-Feb-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	551	(1,903)
Adjustments for :		
Depreciation	1,666	1,452
Fair value loss on derivatives	281	26
Loss on disposal of property, plant and equipment	-	24
Interest expense	62	30
Interest income	(431)	(240)
Provision for gratuity benefit	147	916
Fair value gain on other investment	(123)	-
Gain on foreign exchange - unrealised	(318)	(296)
Operating profit before working capital changes	<u>1,835</u>	<u>9</u>
Decrease/(increase) in inventories	2,274	(4,679)
(Increase)/decrease in receivables	(615)	3,508
Decrease in payables	(2,711)	(2,832)
Cash generated from/(used in) operations	<u>783</u>	<u>(3,994)</u>
Income tax paid	(77)	(67)
Income tax refunded	99	387
Interest paid	(62)	(30)
Interest received	431	240
Net cash generated from/(used in) operating activities	<u>1,174</u>	<u>(3,464)</u>
<b>Cash flows from investing activities</b>		
Acquisition of other investments	(2,587)	(500)
Purchase of property, plant and equipment	(360)	(643)
Proceeds from disposal of other investment	583	2,930
Proceeds from disposal of property, plant & equipment	-	16
Net cash (used in)/generated from investing activities	<u>(2,364)</u>	<u>1,803</u>
<b>Cash flows from financing activities</b>		
Short term borrowing drawdown	440	1,133
Net repayment of hire purchase payables	(51)	(49)
Net repayment of lease liabilities	(242)	-
Net cash flows generated from financing activities	<u>147</u>	<u>1,084</u>
Net decrease in cash and cash equivalents	(1,043)	(577)
Effects of changes in exchange rates	331	264
Cash and cash equivalents at beginning of the period	8,425	6,925
Cash and cash equivalents at end of the period	<u>7,713</u>	<u>6,612</u>
Cash and cash equivalents at end of the period consist of :		
Short term funds	2,141	3,032
Cash and bank balances	5,572	3,580
	<u>7,713</u>	<u>6,612</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2019.)

(The notes set out on pages 5 to 11 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 29 FEBRUARY 2020**

#### **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 2019. 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 2019.

##### **(A) Adoption of Amendments/Improvements to MFRS**

###### **Effective for annual periods beginning on or after 1 January 2019**

MFRS 16 Leases

Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures

IC Int 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

##### MFRS 16 – Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model of lessees. A lessee recognizes a right-of-use assets representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

As allowed by the transitional provision, the Group applies MFRS 16 with effect from 1 June 2019, using the modified retrospective approach, with no restatement of comparative information and the cumulative effect of adopting MFRS 16 is recognized as an adjustment to the opening balance at 1 June 2019.

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

(Incorporated in Malaysia)

## **AND ITS SUBSIDIARIES**

### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

#### **PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING**

##### **A1. Basis of Preparation (Cont'd)**

###### **(B) Standards Issued But Not Yet Effective**

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and for the Company:

###### **Effective for annual periods beginning on or after 1 January 2020**

Amendments to References to the Conceptual Framework in MFRS Standards

###### **Effective for annual periods beginning on or after 1 January 2021**

MFRS 17 Insurance Contracts

###### **Effective date yet to be confirmed**

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The existing MFRS 4 and Amendments to MFRS 4 will be withdrawn upon the adoption of the new MFRS 17 which will take effect on or after 1 January 2021.

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption.

##### **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 29 February 2020.

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

**PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING**

**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 29 February 2020.

**A7. Dividends Paid**

No dividends were paid during the current financial period ended 29 February 2020.

**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 29 February 2020.

**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 announcement.

# EUROSPAN HOLDINGS BERHAD (351927-M)

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## AND ITS SUBSIDIARIES

### EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2020

#### PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN MARKET LISTING REQUIREMENT

##### B1. Review of Performance

###### Current Quarter

The Group recorded revenue of RM11.65 million for the current financial quarter ended 29 February 2020 compared to the revenue of RM10.89 million in the preceding year corresponding financial quarter ended 28 February 2019. The Group registered a loss before tax of RM0.56 million compared to a profit before tax of RM0.03 million in the preceding year corresponding financial quarter ended 28 February 2019. The loss before tax was mainly due to product mix.

###### Financial period-to-date

The Group recorded revenue of RM42.55 million for the current financial period ended 29 February 2020 compared to the revenue of RM37.23 million in the preceding year corresponding financial period. The Group registered a profit before tax of RM0.56 million compared to a loss before tax of RM1.90 million in the preceding year corresponding financial period. The profit before tax was due to higher revenue and product mix.

##### B2. Comparison with Preceding Quarter's Results

	<b>Current Quarter 29-Feb-2020 RM'000</b>	<b>Immediate Preceding Quarter 30-Nov-2019 RM'000</b>	<b>Changes Amount RM'000</b>
Revenue	11,651	13,960	(2,309)
Loss before tax	(562)	(17)	(545)
Basic loss per ordinary share (sen)	(1.74)	(0.23)	(1.51)

The Group recorded revenue of RM11.65 million for the current financial quarter ended 29 February 2020 compared to the revenue of RM13.96 million in the immediate preceding quarter ended 30 November 2019. The Group registered a loss before tax of RM0.56 million compared to a loss before tax of RM0.02 million in the immediate preceding quarter. The higher loss before tax was due to lower revenue recorded in the current quarter.

##### B3. Current Year Prospects

The Group will continue to be cautious on the challenges ahead, the management will continue its effort in mitigating the impact on its operating results for the financial year ending 31 May 2020.

##### B4. Profit Forecast

Not applicable as the Company did not provide any profit forecast.



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**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2020****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN  
MARKET LISTING REQUIREMENT****B5. Tax Expense**

	Individual Quarter		Cumulative Quarters	
	3 months Ended 29-Feb-20 RM'000	3 months Ended 28-Feb-19 RM'000	9 months Ended 29-Feb-20 RM'000	9 months Ended 28-Feb-19 RM'000
Current tax expense				
Malaysia – current	(8)	-	5	5
– prior	-	2	1	2
Deferred tax expense/(credit)				
Malaysia - current	217	10	541	(242)
	<u>209</u>	<u>12</u>	<u>547</u>	<u>(235)</u>

The effective tax rate of taxation of the Group is higher than statutory rate of taxation principally due to the provision for the deferred tax.

**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:

	29-Feb-20 RM'000	28-Feb-19 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	71	67
Trust receipts	1,856	1,632
	<u>1,927</u>	<u>1,699</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>132</u>	<u>202</u>

Hire purchase payables are denominated in Ringgit Malaysia (RM) and trust receipts are denominated in EURO currency.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

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

**B8. Derivative Financial Liabilities**

Details of outstanding derivative financial instruments as at 29 February 2020:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Gain/(Loss) RM'000
- Used to hedge trade receivables	16,686	16,997	(311)
- Used to hedge trade payables	254	224	30
			<u>(281)</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.

**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 29 February 2020.

**B11. Earnings Per Share**

Basic earnings per share amounts are calculated by dividing profit for the period/year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period/year.

	Individual Quarter		Cumulative Quarters	
	3 months Ended 29-Feb-20 RM'000	3 months Ended 28-Feb-19 RM'000	9 months Ended 29-Feb-20 RM'000	9 months Ended 28-Feb-19 RM'000
(Loss)/Profit attributable to owners of the parents	<u>(771)</u>	<u>27</u>	<u>4</u>	<u>(1,668)</u>
Weighted average number of ordinary share in issue ('000)	<u>44,421</u>	<u>44,421</u>	<u>44,421</u>	<u>44,421</u>
Basic (loss)/earnings per share (sen)	<u>(1.74)</u>	<u>0.06</u>	<u>0.01</u>	<u>(3.75)</u>

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2020****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN  
MARKET LISTING REQUIREMENT****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 29-Feb-20 RM'000</b>	<b>3 months Ended 28-Feb-19 RM'000</b>	<b>9 months Ended 29-Feb-20 RM'000</b>	<b>9 months Ended 28-Feb-19 RM'000</b>
Depreciation	724	496	1,666	1,452
Fair value loss/(gain) on derivatives	157	(570)	281	26
Fair value gain on other investment	(48)	-	(123)	-
Net gain on foreign exchange - unrealised	(8)	(32)	(318)	(296)
Net loss/(gain) on foreign exchange - realised	50	(28)	8	248
Interest expense	47	11	62	30
Interest income	(250)	(79)	(431)	(240)
Loss on disposal of property, plant and equipment	-	-	-	24
Gain in disposal of other investment	-	(22)	-	(22)
Rental income	(7)	(7)	(20)	(20)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)

Secretary

Penang

22 May 2020