

EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021**

	(Unaudited) 28-Feb-21 RM'000	(Audited) 31-May-20 RM'000
ASSETS		
Property, plant and equipment	18,772	18,944
Right-of-use assets	257	467
Total non-current assets	<u>19,029</u>	<u>19,411</u>
Inventories	13,907	16,007
Trade and other receivables	6,744	3,497
Tax recoverable	-	102
Other investments	6,018	6,756
Cash and cash equivalents	10,984	8,275
Total current assets	<u>37,653</u>	<u>34,637</u>
TOTAL ASSETS	<u><u>56,682</u></u>	<u><u>54,048</u></u>
EQUITY		
Share capital	52,796	52,796
Accumulated losses	(9,519)	(12,467)
Total equity attributable to owners of the parent	<u>43,277</u>	<u>40,329</u>
LIABILITIES		
Provision for gratuity benefit	2,790	2,633
Borrowings	95	149
Lease liabilities	-	196
Deferred tax liabilities	421	294
Total non-current liabilities	<u>3,306</u>	<u>3,272</u>
Borrowings	1,122	1,294
Lease liabilities	268	282
Tax payable	209	-
Trade and other payables	8,500	8,871
Total current liabilities	<u>10,099</u>	<u>10,447</u>
Total liabilities	<u>13,405</u>	<u>13,719</u>
TOTAL EQUITY AND LIABILITIES	<u><u>56,682</u></u>	<u><u>54,048</u></u>
Net assets per share (sen)	97.42	90.79

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2020.)

(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.)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 28-Feb-21 RM'000	3 months ended 29-Feb-20 RM'000	9 months ended 28-Feb-21 RM'000	9 months ended 29-Feb-20 RM'000
Continuing operations				
Revenue	13,220	11,651	39,095	42,548
Cost of sales	(10,201)	(9,724)	(29,612)	(34,672)
Gross profit	<u>3,019</u>	<u>1,927</u>	<u>9,483</u>	<u>7,876</u>
Selling and distribution expenses	(168)	(211)	(741)	(1,358)
Administrative expenses	(2,141)	(2,298)	(6,079)	(6,387)
Finance costs	(42)	(85)	(126)	(182)
Other operating expenses	(302)	(8)	(4)	(8)
Other incomes	170	113	955	610
Profit/(Loss) before tax	<u>536</u>	<u>(562)</u>	<u>3,488</u>	<u>551</u>
Taxation	(39)	(209)	(540)	(547)
Profit/(Loss) after tax for the period	<u>497</u>	<u>(771)</u>	<u>2,948</u>	<u>4</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period	<u><u>497</u></u>	<u><u>(771)</u></u>	<u><u>2,948</u></u>	<u><u>4</u></u>
Profit/(Loss) attributable to :				
Owners of the Parent	497	(771)	2,948	4
Minority interest	-	-	-	-
Profit/(Loss) after tax for the period	<u><u>497</u></u>	<u><u>(771)</u></u>	<u><u>2,948</u></u>	<u><u>4</u></u>
Total comprehensive income/(loss) attributable to :				
Owners of the Parent	497	(771)	2,948	4
Minority interest	-	-	-	-
Total comprehensive income/(loss) for the period	<u><u>497</u></u>	<u><u>(771)</u></u>	<u><u>2,948</u></u>	<u><u>4</u></u>
Basic earnings/(loss) per ordinary share (sen)	1.12	(1.74)	6.64	0.01

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2020.)

(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 199501022724 (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021 (UNAUDITED)**

	Share capital	Accumulated losses	Total
	RM'000	RM'000	RM'000
Balance as at 1 June 2019	52,796	(9,976)	42,820
Total comprehensive income for the period	-	4	4
Balance as at 29 Feb 2020	52,796	(9,972)	42,824
Balance as at 1 June 2020	52,796	(12,467)	40,329
Total comprehensive income for the period	-	2,948	2,948
Balance as at 28 Feb 2021	52,796	(9,519)	43,277

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2020.)

(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.)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021 (UNAUDITED)**

	Cumulative Quarter 9 months ended	
	28-Feb-21 RM'000	29-Feb-20 RM'000
Cash flows from operating activities		
Profit before tax	3,488	551
Adjustments for :		
Depreciation of property, plant and equipment	1,174	1,412
Depreciation of right-of-use assets	210	254
Fair value (gain)/loss on derivatives	(190)	281
Fair value gain on other investment	(214)	(123)
Gain on disposal of property, plant and equipment	(43)	-
Interest expense	34	62
Interest income	(286)	(431)
Property, plant and equipment written off	5	-
Provision for gratuity benefit	157	147
Gain on foreign exchange - unrealised	(224)	(318)
Operating profit before working capital changes	4,111	1,835
Decrease in inventories	2,100	2,274
Increase in receivables	(3,567)	(615)
Increase/(Decrease) in payables	139	(2,711)
Cash generated from operations	2,783	783
Income tax paid	(102)	(77)
Income tax refunded	-	99
Interest paid	(34)	(62)
Interest received	286	431
Net cash generated from operating activities	2,933	1,174
Cash flows from investing activities		
Acquisition of other investments	(48)	(2,587)
Purchase of property, plant and equipment	(1,023)	(360)
Proceeds from disposal of other investment	1,000	583
Proceeds from disposal of property, plant & equipment	59	-
Net cash used in investing activities	(12)	(2,364)
Cash flows from financing activities		
Short term borrowing (released)/drawdown	(206)	440
Net repayment of hire purchase payables	(23)	(51)
Net repayment of lease liabilities	(210)	(242)
Net cash flows (used in)/generated from financing activities	(439)	147
Net increase/(decrease) in cash and cash equivalents	2,482	(1,043)
Effects of changes in exchange rates	227	331
Cash and cash equivalents at beginning of the period	8,275	8,425
Cash and cash equivalents at end of the period	10,984	7,713
Cash and cash equivalents at end of the period consist of :		
Short term funds	6,194	2,141
Cash and bank balances	4,790	5,572
	10,984	7,713

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2020.)

(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.)

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

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 2020. 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 2020.

(A) Adoption of Amendments/Improvements to MFRS

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

(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 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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

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 2021.

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 2021.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

A7. Dividends Paid

No dividends were paid during the current financial period ended 28 February 2021.

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 2021.

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.

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

**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 RM13.22 million for the current financial quarter ended 28 February 2021 compared to the revenue of RM11.65 million in the preceding year corresponding financial quarter ended 29 February 2020. The Group registered a profit before tax of RM0.54 million compared to a loss before tax of RM0.56 million in the preceding year corresponding financial quarter ended 29 February 2020. The improved profit before tax was due to higher revenue and product mix.

Financial period-to-date

The Group recorded revenue of RM39.10 million for the current financial period ended 28 February 2021 compared to the revenue of RM42.55 million in the preceding year corresponding financial period. The Group registered a profit before tax of RM3.49 million compared to a profit before tax of RM0.56 million in the preceding year corresponding financial period. The improved profit before tax was due to lower expenses and product mix.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 28-Feb-2021 RM'000	Immediate Preceding Quarter 30-Nov-2020 RM'000	Changes Amount RM'000
Revenue	13,220	12,270	950
Profit before tax	536	977	(441)
Basic earnings per ordinary share (sen)	1.12	1.04	0.08

The Group recorded revenue of RM13.22 million for the current financial quarter ended 28 February 2021 compared to the revenue of RM12.27 million in the immediate preceding quarter ended 30 November 2020. The Group registered a profit before tax of RM0.54 million compared to a profit before tax of RM0.98 million in the immediate preceding quarter. The lower profit before tax was due to higher expenses recorded in the reporting quarter.

B3. Current Year Prospects

The Covid-19 pandemic which has caused major disruptions to the global economy has a significant impact to the Group and the Group foresees a more challenging business environment for the financial year ending 31 May 2021.

Going forward, the Group will continue to be cautious and continue to take prudent measures to cushion the impact and adapt to the new environment resulted from the pandemic in order to sustain the businesses during this time of uncertainty.

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN
MARKET LISTING REQUIREMENT****B4. Profit Forecast**

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

B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months Ended 28-Feb-21 RM'000	3 months Ended 29-Feb-20 RM'000	9 months Ended 28-Feb-21 RM'000	9 months Ended 29-Feb-20 RM'000
Current tax expense				
Malaysia – current	75	(8)	426	5
– prior	(13)	-	(13)	1
Deferred tax expense				
Malaysia - current	(23)	217	127	541
	39	209	540	547

The effective tax rate was lower than the statutory tax rate due to available of unabsorbed tax losses.

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-21 RM'000	29-Feb-20 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	73	71
Foreign currency invoice financing	1,049	1,856
	1,122	1,927
Long term borrowings – unsecured		
Hire Purchase Payables	95	132

Hire purchase payables are denominated in Ringgit Malaysia (RM) and foreign currency invoice financing are denominated in EURO currency.

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FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021****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 28 February 2021:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Gain RM'000
- Used to hedge trade receivables	13,989	13,799	<u>190</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 28 February 2021.

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 Quarter	
	3 months Ended 28-Feb-21 RM'000	3 months Ended 29-Feb-20 RM'000	9 months Ended 28-Feb-21 RM'000	9 months Ended 29-Feb-20 RM'000
Profit/(loss) attributable to owners of the parents	<u>497</u>	<u>(771)</u>	<u>2,948</u>	<u>4</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 earnings/(loss) per share (sen)	<u>1.12</u>	<u>(1.74)</u>	<u>6.64</u>	<u>0.01</u>

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021****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:

	Individual Quarter		Cumulative Quarter	
	3 months Ended 28-Feb-21 RM'000	3 months Ended 29-Feb-20 RM'000	9 months Ended 28-Feb-21 RM'000	9 months Ended 29-Feb-20 RM'000
Depreciation – property, plant and equipment	407	724	1,174	1,666
Depreciation – right-of-use assets	70	-	210	-
Fair value loss/(gain) on derivatives	193	157	(190)	281
Fair value loss/(gain) on other investment	10	(48)	(214)	(123)
Net loss/(gain) on foreign exchange - unrealised	39	(8)	(224)	(318)
Net loss/(gain) on foreign exchange - realised	61	50	(7)	8
Interest expense	13	47	34	62
Interest income	(122)	(250)	(286)	(431)
Gain on disposal of property, plant and equipment	(42)	-	(43)	-
Property, plant and equipment written off	1	-	5	-
Rental income	(7)	(7)	(21)	(20)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
27 April 2021