

EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021**

	(Unaudited) 31-Aug-21 RM'000	(Audited) 31-May-21 RM'000
ASSETS		
Property, plant and equipment	19,578	19,886
Right-of-use assets	117	187
Total non-current assets	<u>19,695</u>	<u>20,073</u>
Inventories	14,697	13,664
Trade and other receivables	4,015	5,168
Derivatives	109	191
Tax recoverable	456	251
Other investments	4,029	6,072
Cash and cash equivalents	10,096	11,984
Total current assets	<u>33,402</u>	<u>37,330</u>
TOTAL ASSETS	<u><u>53,097</u></u>	<u><u>57,403</u></u>
EQUITY		
Share capital	52,796	52,796
Accumulated losses	(11,294)	(9,009)
Total equity attributable to owners of the parent	<u>41,502</u>	<u>43,787</u>
LIABILITIES		
Provision for gratuity benefit	2,876	2,830
Borrowings	320	356
Deferred tax liabilities	182	591
Total non-current liabilities	<u>3,378</u>	<u>3,777</u>
Borrowings	957	1,107
Lease liabilities	123	196
Trade and other payables	7,137	8,536
Total current liabilities	<u>8,217</u>	<u>9,839</u>
Total liabilities	<u>11,595</u>	<u>13,616</u>
TOTAL EQUITY AND LIABILITIES	<u><u>53,097</u></u>	<u><u>57,403</u></u>
Net assets per share (sen)	93.43	98.57

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2021.)

(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 COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2021 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31-Aug-21 RM'000	3 months ended 31-Aug-20 RM'000	3 months ended 31-Aug-21 RM'000	3 months ended 31-Aug-20 RM'000
Continuing operations				
Revenue	4,967	13,605	4,967	13,605
Cost of sales	(5,576)	(10,144)	(5,576)	(10,144)
Gross (loss)/profit	(609)	3,461	(609)	3,461
Selling and distribution expenses	(83)	(395)	(83)	(395)
Administrative expenses	(2,016)	(1,903)	(2,016)	(1,903)
Finance costs	(27)	(45)	(27)	(45)
Other operating expenses	(543)	(12)	(543)	(12)
Other incomes	584	869	584	869
(Loss)/Profit before tax	(2,694)	1,975	(2,694)	1,975
Taxation	409	15	409	15
(Loss)/Profit after tax for the period	(2,285)	1,990	(2,285)	1,990
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(2,285)</u>	<u>1,990</u>	<u>(2,285)</u>	<u>1,990</u>
Profit attributable to :				
Owners of the Parent	(2,285)	1,990	(2,285)	1,990
Minority interest	-	-	-	-
(Loss)/Profit after tax for the period	<u>(2,285)</u>	<u>1,990</u>	<u>(2,285)</u>	<u>1,990</u>
Total comprehensive (loss)/income attributable to :				
Owners of the Parent	(2,285)	1,990	(2,285)	1,990
Minority interest	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(2,285)</u>	<u>1,990</u>	<u>(2,285)</u>	<u>1,990</u>
Basic (loss)/earnings per ordinary share (sen)	(5.14)	4.48	(5.14)	4.48

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2021.)

(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 31 AUGUST 2021 (UNAUDITED)**

	Share capital	Accumulated losses	Total
	RM'000	RM'000	RM'000
Balance as at 1 June 2020	52,796	(12,467)	40,329
Total comprehensive income for the period	-	1,990	1,990
Balance as at 31 Aug 2020	52,796	(10,477)	42,319
Balance as at 1 June 2021	52,796	(9,009)	43,787
Total comprehensive loss for the period	-	(2,285)	(2,285)
Balance as at 31 Aug 2021	52,796	(11,294)	41,502

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2021.)

(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 31 AUGUST 2021 (UNAUDITED)**

	Cumulative Quarter 3 months ended	
	31-Aug-21 RM'000	31-Aug-20 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(2,694)	1,975
Adjustments for :		
Depreciation of property, plant and equipment	376	374
Depreciation of right-of-use assets	70	70
Fair value gain on derivatives	(109)	(68)
Fair value loss/(gain) on other investment	86	(213)
(Gain)/Loss on disposal of property, plant and equipment	(12)	12
Interest expense	12	11
Interest income	(207)	(40)
Impairment recovery on property, plant and equipment	-	(70)
Provision for gratuity benefit	46	52
Gain on foreign exchange - unrealised	(222)	(256)
Operating (loss)/profit before working capital changes	<u>(2,654)</u>	<u>1,847</u>
(Increase)/Decrease in inventories	(1,033)	2,136
Decrease/(Increase) in receivables	1,153	(1,650)
Decrease in payables	<u>(1,209)</u>	<u>(1,823)</u>
Cash (used in)/generated from operations	(3,743)	510
Income tax paid	(217)	(7)
Income tax refunded	12	-
Interest paid	(12)	(11)
Interest received	<u>207</u>	<u>40</u>
Net cash (used in)/generated from operating activities	<u>(3,753)</u>	<u>532</u>
Cash flows from investing activities		
Acquisition of other investments	(13)	(14)
Proceeds from disposal of other investment	1,970	-
Proceeds from disposal of plant & equipment	21	-
Purchase of property, plant and equipment	<u>(76)</u>	<u>(366)</u>
Net cash generated from/(used in) investing activities	<u>1,902</u>	<u>(380)</u>
Cash flows from financing activities		
Short term borrowing repayment	(154)	(101)
Net repayment of hire purchase payables	(34)	-
Net repayment of lease liabilities	<u>(73)</u>	<u>(69)</u>
Net cash flows used in financing activities	<u>(261)</u>	<u>(170)</u>
Net decrease in cash and cash equivalents	(2,112)	(18)
Effects of changes in exchange rates	224	283
Cash and cash equivalents at beginning of the period	<u>11,984</u>	<u>8,275</u>
Cash and cash equivalents at end of the period	<u><u>10,096</u></u>	<u><u>8,540</u></u>
Short term funds	4,255	2,191
Cash and bank balances	<u>5,841</u>	<u>6,349</u>
	<u><u>10,096</u></u>	<u><u>8,540</u></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2021.)

(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 31 AUGUST 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 2021. 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 2021.

(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 31 AUGUST 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 31 August 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 31 August 2021.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
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PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

A7. Dividends Paid

No dividends were paid during the current financial period ended 31 August 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 31 August 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 31 AUGUST 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 RM4.97 million for the current financial quarter ended 31 August 2021 compared to the revenue of RM13.61 million in the preceding year corresponding financial quarter ended 31 August 2020. The Group registered a loss before tax of RM2.69 million compared to a profit before tax of RM1.98 million in the preceding year corresponding financial quarter ended 31 August 2020. The loss before tax was due to lower revenue as a result of COVID-19 movement restriction order imposed by the government starting in June 2021 which mandated the Group to stop some production, hence affected its ability to fulfill sales orders.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31-Aug-2021 RM'000	Immediate Preceding Quarter 31-May-2021 RM'000	Changes Amount RM'000
Revenue	4,967	13,488	(8,521)
(Loss)/Profit before tax	(2,694)	608	(3,302)
Basic (loss)/earnings per ordinary share (sen)	(5.14)	1.15	(6.29)

The Group recorded revenue of RM4.97 million for the current financial quarter ended 31 August 2021 compared to the revenue of RM13.49 million in the immediate preceding quarter ended 31 May 2021. The Group registered a loss before tax of RM2.69 million compared to a profit before tax of RM0.61 million in the immediate preceding quarter. The loss before tax was due to lower revenue as a result of COVID-19 movement restriction order imposed by the Government starting in June 2021 which mandated the Group to stop some production, hence affected its ability to fulfill sales orders.

B3. Current Year Prospects

The outbreak of Covid-19 pandemic has caused major disruptions and significant levels of uncertainties to the global economy and our Malaysian economy was not spared as well. The Group foresees a more challenging business environment for the financial year ending 31 May 2022.

However, 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 business during this trying time.

B4. Profit Forecast

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

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FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2021**

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

B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months Ended 31-Aug-21 RM'000	3 months Ended 31-Aug-20 RM'000	3 months Ended 31-Aug-21 RM'000	3 months Ended 31-Aug-20 RM'000
Current tax expense				
Malaysia - current	-	4	-	4
Deferred tax credit				
Malaysia - current	(409)	(19)	(409)	(19)
	<u>(409)</u>	<u>(15)</u>	<u>(409)</u>	<u>(15)</u>

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:

	31-Aug-21 RM'000	31-Aug-20 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	141	71
Foreign currency invoice financing	816	1,179
	<u>957</u>	<u>1,250</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>320</u>	<u>119</u>

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

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**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 31 August 2021:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Gain RM'000
- Used to hedge trade receivables	18,401	18,292	<u>109</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 31 August 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 31-Aug-21 RM'000	3 months Ended 31-Aug-20 RM'000	3 months Ended 31-Aug-21 RM'000	3 months Ended 31-Aug-20 RM'000
(Loss)/Profit attributable to owners of the parents	<u>(2,285)</u>	<u>1,990</u>	<u>(2,285)</u>	<u>1,990</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>(5.14)</u>	<u>4.48</u>	<u>(5.14)</u>	<u>4.48</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
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**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	3 months	3 months	3 months
	Ended	Ended	Ended	Ended
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
	RM'000	RM'000	RM'000	RM'000
Depreciation – property, plant and equipment	376	374	376	374
Depreciation – right-of-use assets	70	70	70	70
Fair value gain on derivatives	(109)	(68)	(109)	(68)
Fair value loss/(gain) on other investment	86	(213)	86	(213)
Net gain on foreign exchange - unrealised	(222)	(256)	(222)	(256)
Net loss/(gain) on foreign exchange - realised	461	(248)	461	(248)
Interest expense	12	11	12	11
Interest income	(207)	(40)	(207)	(40)
Impairment reversal on property, plant and equipment	-	(70)	-	(70)
(Gain)/Loss on disposal of property, plant and equipment	(12)	12	(12)	12
Rental income	(7)	(7)	(7)	(7)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
26 October 2021