

**EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2022**

	<b>(Unaudited) 28-Feb-22 RM'000</b>	<b>(Audited) 31-May-21 RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	21,200	19,886
Right-of-use assets	268	187
<b>Total non-current assets</b>	<u>21,468</u>	<u>20,073</u>
Inventories	13,577	13,664
Trade and other receivables	9,139	5,168
Derivatives	-	191
Tax recoverable	423	251
Other investments	3,745	6,072
Deferred tax asset	95	-
Cash and cash equivalents	6,316	11,984
<b>Total current assets</b>	<u>33,295</u>	<u>37,330</u>
<b>TOTAL ASSETS</b>	<u><u>54,763</u></u>	<u><u>57,403</u></u>
<b>EQUITY</b>		
Share capital	52,796	52,796
Accumulated losses	(12,693)	(9,009)
<b>Total equity attributable to owners of the parent</b>	<u>40,103</u>	<u>43,787</u>
<b>LIABILITIES</b>		
Provision for gratuity benefit	2,968	2,830
Borrowings	529	356
Deferred tax liabilities	-	591
<b>Total non-current liabilities</b>	<u>3,497</u>	<u>3,777</u>
Borrowings	2,800	1,107
Lease liabilities	268	196
Trade and other payables	8,021	8,536
Derivatives	74	-
<b>Total current liabilities</b>	<u>11,163</u>	<u>9,839</u>
<b>Total liabilities</b>	<u>14,660</u>	<u>13,616</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>54,763</u></u>	<u><u>57,403</u></u>
Net assets per share (sen)	90.28	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 28 FEBRUARY 2022 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 28-Feb-22 RM'000	3 months ended 28-Feb-21 RM'000	9 months ended 28-Feb-22 RM'000	9 months ended 28-Feb-21 RM'000
<b>Continuing operations</b>				
Revenue	12,136	13,220	28,508	39,095
Cost of sales	(10,682)	(10,201)	(25,344)	(29,612)
<b>Gross profit</b>	<u>1,454</u>	<u>3,019</u>	<u>3,164</u>	<u>9,483</u>
Selling and distribution expenses	(256)	(168)	(574)	(741)
Administrative expenses	(2,303)	(2,141)	(6,514)	(6,079)
Finance costs	(43)	(42)	(111)	(126)
Other operating expenses	(427)	(302)	(1,123)	(4)
Other incomes	47	170	788	955
<b>(Loss)/Profit before tax</b>	<u>(1,528)</u>	<u>536</u>	<u>(4,370)</u>	<u>3,488</u>
Taxation	182	(39)	686	(540)
<b>(Loss)/Profit after tax for the period</b>	<u>(1,346)</u>	<u>497</u>	<u>(3,684)</u>	<u>2,948</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(1,346)</u>	<u>497</u>	<u>(3,684)</u>	<u>2,948</u>
(Loss)/Profit attributable to :				
Owners of the Parent	(1,346)	497	(3,684)	2,948
Minority interest	-	-	-	-
(Loss)/Profit after tax for the period	<u>(1,346)</u>	<u>497</u>	<u>(3,684)</u>	<u>2,948</u>
Total comprehensive (loss)/income attributable to :				
Owners of the Parent	(1,346)	497	(3,684)	2,948
Minority interest	-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>	<u>(1,346)</u>	<u>497</u>	<u>(3,684)</u>	<u>2,948</u>
Basic (loss)/earnings per ordinary share (sen)	(3.03)	1.12	(8.29)	6.64

(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 28 FEBRUARY 2022 (UNAUDITED)**

	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Balance as at 1 June 2020</b>	52,796	(12,467)	40,329
Total comprehensive income for the period	-	2,948	2,948
<b>Balance as at 28 Feb 2021</b>	<b>52,796</b>	<b>(9,519)</b>	<b>43,277</b>
<b>Balance as at 1 June 2021</b>	52,796	(9,009)	43,787
Total comprehensive loss for the period	-	(3,684)	(3,684)
<b>Balance as at 28 Feb 2022</b>	<b>52,796</b>	<b>(12,693)</b>	<b>40,103</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 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 28 FEBRUARY 2022 (UNAUDITED)**

	Cumulative Quarter 9 months ended	
	28-Feb-22 RM'000	28-Feb-21 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(4,370)	3,488
Adjustments for :		
Depreciation of property, plant and equipment	1,211	1,174
Depreciation of right-of-use assets	211	210
Fair value loss/(gain) on derivatives	74	(190)
Fair value loss/(gain) on other investment	400	(214)
Gain on disposal of property, plant and equipment	(182)	(43)
Interest expense	40	34
Interest income	(364)	(286)
Property, plant and equipment written off	4	5
Provision for gratuity benefit	138	157
Gain on foreign exchange - unrealised	(269)	(224)
Operating (loss)/profit before working capital changes	<u>(3,107)</u>	<u>4,111</u>
Decrease in inventories	87	2,100
Increase in receivables	(3,971)	(3,567)
(Decrease)/Increase in payables	(324)	139
Cash (used in)/generated from operations	<u>(7,315)</u>	<u>2,783</u>
Income tax paid	(226)	(102)
Income tax refunded	54	-
Interest paid	(40)	(34)
Interest received	364	286
Net cash (used in)/from operating activities	<u>(7,163)</u>	<u>2,933</u>
<b>Cash flows from investing activities</b>		
Acquisition of other investments	(43)	(48)
Purchase of property, plant and equipment	(2,645)	(1,023)
Proceeds from disposal of other investment	1,970	1,000
Proceeds from disposal of property, plant & equipment	298	59
Net cash used in investing activities	<u>(420)</u>	<u>(12)</u>
<b>Cash flows from financing activities</b>		
Short term borrowing drawdown/(released)	2,023	(206)
Net repayment of hire purchase payables	(108)	(23)
Net repayment of lease liabilities	(220)	(210)
Net cash flows generated from/(used in) financing activities	<u>1,695</u>	<u>(439)</u>
Net (decrease)/increase in cash and cash equivalents	(5,888)	2,482
Effects of changes in exchange rates	220	227
Cash and cash equivalents at beginning of the period	11,984	8,275
Cash and cash equivalents at end of the period	<u><u>6,316</u></u>	<u><u>10,984</u></u>
Cash and cash equivalents at end of the period consist of :		
Short term funds	1,940	6,194
Cash and bank balances	4,376	4,790
	<u><u>6,316</u></u>	<u><u>10,984</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 28 FEBRUARY 2022**

**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.

**AND ITS SUBSIDIARIES**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022**

**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 2022.

**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 2022.

**AND ITS SUBSIDIARIES**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022**

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

**A7. Dividends Paid**

No dividends were paid during the current financial period ended 28 February 2022.

**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 2022.

**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 2022**

**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 RM12.14 million for the current financial quarter ended 28 February 2022 as compared to the revenue of RM13.22 million in the preceding year corresponding financial quarter ended 28 February 2021. The Group registered a loss before tax of RM1.53 million compared to a profit before tax of RM0.54 million in the preceding year corresponding financial quarter ended 28 February 2021 as a result of lower revenue.

Financial period-to-date

The Group recorded revenue of RM28.51 million for the current financial period ended 28 February 2022 compared to the revenue of RM39.09 million in the preceding year corresponding financial period. The Group registered a loss before tax of RM4.37 million compared to a profit before tax of RM3.49 million in the preceding year corresponding financial period. 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**

	<b>Current Quarter 28-Feb-2022 RM'000</b>	<b>Immediate Preceding Quarter 30-Nov-2021 RM'000</b>	<b>Changes Amount RM'000</b>
Revenue	12,136	11,405	731
Loss before tax	(1,528)	(148)	(1,380)
Basic loss per ordinary share (sen)	(3.03)	(0.29)	(2.74)

The Group recorded revenue of RM12.14 million for the current financial quarter ended 28 February 2022 compared to the revenue of RM11.41 million in the immediate preceding quarter ended 30 November 2021. The Group registered a loss before tax of RM1.53 million compared to a loss before tax of RM0.15 million in the immediate preceding quarter. The higher loss before tax was due to higher expenses recorded in the reporting quarter.

**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.



**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022****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-22 RM'000	3 months Ended 28-Feb-21 RM'000	9 months Ended 28-Feb-22 RM'000	9 months Ended 28-Feb-21 RM'000
Current tax expense				
Malaysia – current	-	75	-	426
– prior	-	(13)	-	(13)
Deferred tax expense				
Malaysia - current	(182)	(23)	(686)	127
	<u>(182)</u>	<u>39</u>	<u>(686)</u>	<u>540</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:

	28-Feb-22 RM'000	28-Feb-21 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	207	73
Foreign currency invoice financing	2,593	1,049
	<u>2,800</u>	<u>1,122</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>529</u>	<u>95</u>

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

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**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022****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 2022:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Loss RM'000
- Used to hedge trade receivables	13,353	13,427	<u>74</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 2022.

**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-22 RM'000	3 months Ended 28-Feb-21 RM'000	9 months Ended 28-Feb-22 RM'000	9 months Ended 28-Feb-21 RM'000
(Loss)/Profit attributable to owners of the parents	<u>(1,346)</u>	<u>497</u>	<u>(3,684)</u>	<u>2,948</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>(3.03)</u>	<u>1.12</u>	<u>(8.29)</u>	<u>6.64</u>

**EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)**

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022****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 Quarter</b>	
	<b>3 months Ended 28-Feb-22 RM'000</b>	<b>3 months Ended 28-Feb-21 RM'000</b>	<b>9 months Ended 28-Feb-22 RM'000</b>	<b>9 months Ended 28-Feb-21 RM'000</b>
Depreciation – property, plant and equipment	424	407	1,211	1,174
Depreciation – right-of-use assets	71	70	211	210
Fair value loss/(gain) on derivatives	214	193	74	(190)
Fair value loss/(gain) on other investment	98	10	400	(214)
Net (gain)/loss on foreign exchange- unrealised	(20)	39	(269)	(224)
Net loss/(gain) on foreign exchange - realised	140	61	732	(7)
Interest expense	18	13	40	34
Interest income	(27)	(122)	(364)	(286)
Gain on disposal of property, plant and equipment	(13)	(42)	(182)	(43)
Property, plant and equipment written off	3	1	4	5
Rental income	(7)	(7)	(20)	(21)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)

Secretary

Penang

26 April 2022