

EUROSPAN HOLDINGS BERHAD (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2019**

	(Unaudited) 30-Nov-19 RM'000	(Audited) 31-May-19 RM'000
ASSETS		
Property, plant and equipment	19,863	20,585
Total non-current assets	<u>19,863</u>	<u>20,585</u>
Inventories	13,868	16,487
Trade and other receivables	7,089	4,979
Tax recoverable	87	138
Other investments	6,970	4,903
Cash and cash equivalents	7,616	8,425
Total current assets	<u>35,630</u>	<u>34,932</u>
TOTAL ASSETS	<u><u>55,493</u></u>	<u><u>55,517</u></u>
EQUITY		
Share capital	52,796	52,796
Reserves	(9,201)	(9,976)
Total equity attributable to owners of the Company	<u>43,595</u>	<u>42,820</u>
LIABILITIES		
Provision for gratuity benefit	2,535	2,437
Borrowings	149	184
Deferred tax liabilities	324	-
Total non-current liabilities	<u>3,008</u>	<u>2,621</u>
Borrowings	1,920	1,471
Trade and other payables	6,970	8,605
Total current liabilities	<u>8,890</u>	<u>10,076</u>
Total liabilities	<u>11,898</u>	<u>12,697</u>
TOTAL EQUITY AND LIABILITIES	<u><u>55,493</u></u>	<u><u>55,517</u></u>
Net assets per share (sen)	98.14	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 30 NOVEMBER 2019 (UNAUDITED)**

	Individual Quarter		Cumulative Quarters	
	3 months ended 30-Nov-19 RM'000	3 months ended 30-Nov-18 RM'000	6 months ended 30-Nov-19 RM'000	6 months ended 30-Nov-18 RM'000
Continuing operations				
Revenue	13,960	11,518	30,897	26,341
Cost of sales	(11,644)	(9,556)	(24,948)	(21,617)
Gross profit	<u>2,316</u>	<u>1,962</u>	<u>5,949</u>	<u>4,724</u>
Selling and distribution expenses	(556)	(587)	(1,147)	(1,335)
Administrative expenses	(2,070)	(2,595)	(4,089)	(4,782)
Finance costs	(50)	(51)	(97)	(103)
Other operating expenses	(62)	(189)	-	(642)
Other incomes	405	107	497	196
(Loss)/Profit before tax	<u>(17)</u>	<u>(1,353)</u>	<u>1,113</u>	<u>(1,942)</u>
Taxation	(84)	73	(338)	247
(Loss)/Profit after tax for the period	<u>(101)</u>	<u>(1,280)</u>	<u>775</u>	<u>(1,695)</u>
Other comprehensive income for the period	-	-	-	(156)
Total comprehensive (loss)/income for the period	<u><u>(101)</u></u>	<u><u>(1,280)</u></u>	<u><u>775</u></u>	<u><u>(1,851)</u></u>
(Loss)/Profit attributable to :				
Owners of the Parent	(101)	(1,280)	775	(1,695)
Non-controlling interest	-	-	-	-
(Loss)/Profit after tax for the period	<u><u>(101)</u></u>	<u><u>(1,280)</u></u>	<u><u>775</u></u>	<u><u>(1,695)</u></u>
Total comprehensive (loss)/income attributable to :				
Owners of the Parent	(101)	(1,280)	775	(1,851)
Non-controlling interest	-	-	-	-
Total comprehensive (loss)/income for the period	<u><u>(101)</u></u>	<u><u>(1,280)</u></u>	<u><u>775</u></u>	<u><u>(1,851)</u></u>
Basic (loss)/earnings per ordinary share (sen)	(0.23)	(2.88)	1.74	(3.82)

(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 30 NOVEMBER 2019 (UNAUDITED)**

	<u>Non Distributable</u>				Retained	
	Share	Share	Share option	Fair value	profits/ (Accumulate	Total
	capital	premium	reserve	reserve	d losses)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 June 2018	52,796	-	-	68	(6,089)	46,775
Total comprehensive loss for the period	-	-	-	(156)	(1,695)	(1,851)
Balance as at 30 Nov 2018	52,796	-	-	(88)	(7,784)	44,924
Balance as at 1 June 2019	52,796	-	-	-	(9,976)	42,820
Total comprehensive income for the period	-	-	-	-	775	775
Balance as at 30 Nov 2019	52,796	-	-	-	(9,201)	43,595

(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 30 NOVEMBER 2019 (UNAUDITED)**

	Cumulative Quarters	
	6 months ended	
	30-Nov-19	30-Nov-18
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,113	(1,942)
Adjustments for :		
Depreciation	942	956
Fair value loss on derivatives	124	596
Loss on disposal of property, plant and equipment	-	24
Interest expense	20	19
Interest income	(181)	(161)
Provision for gratuity benefit	99	869
Fair value gain on other investment	(75)	-
Gain on foreign exchange - unrealised	(309)	(264)
Operating profit before working capital changes	<u>1,733</u>	<u>97</u>
Decrease/(increase) in inventories	2,620	(4,378)
(Increase)/decrease in receivables	(2,110)	1,444
Decrease in payables	<u>(1,759)</u>	<u>(1,009)</u>
Cash generated from/(used in) operations	484	(3,846)
Income tax paid	(49)	(62)
Income tax refunded	86	138
Interest paid	(20)	(19)
Interest received	<u>181</u>	<u>161</u>
Net cash generated from/(used in) operating activities	<u>682</u>	<u>(3,628)</u>
Cash flows from investing activities		
Acquisition of other investments	(2,005)	(500)
Purchase of property, plant and equipment	(220)	(516)
Proceeds from disposal of other investment	12	2,940
Proceeds from disposal of property, plant & equipment	-	15
Net cash (used in)/generated from investing activities	<u>(2,213)</u>	<u>1,939</u>
Cash flows from financing activities		
Short term borrowing drawdown	457	1,384
Net repayment of hire purchase payables	(34)	(32)
Net cash flows generated from financing activities	<u>423</u>	<u>1,352</u>
Net decrease in cash and cash equivalents	(1,108)	(337)
Effects of changes in exchange rates	299	258
Cash and cash equivalents at beginning of the period	<u>8,425</u>	<u>6,925</u>
Cash and cash equivalents at end of the period	<u><u>7,616</u></u>	<u><u>6,846</u></u>
Cash and cash equivalents at end of the period consist of :		
Short term funds	2,111	3,010
Cash and bank balances	<u>5,505</u>	<u>3,836</u>
	<u><u>7,616</u></u>	<u><u>6,846</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 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)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

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 Lease

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (e.g., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (e.g., the lease liability) and an asset representing the right to use the underlying asset during the lease term (e.g., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle in MFRS 117 and distinguish between two types of leases: operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Group is currently assessing the financial impact of adopting MFRS 16.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

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 30 November 2019.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

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 30 November 2019.

A7. Dividends Paid

No dividends were paid during the current financial period ended 30 November 2019.

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 2019.

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.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

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 RM13.96 million for the current financial quarter ended 30 November 2019 compared to the revenue of RM11.52 million in the preceding year corresponding financial quarter ended 30 November 2018. The Group registered a loss before tax of RM0.02 million compared to a loss before tax of RM1.35 million in the preceding year corresponding financial quarter ended 30 November 2018. The lower loss before tax was due to higher revenue and product mix in the current quarter.

Financial period-to-date

The Group recorded revenue of RM30.9 million for the current financial period ended 30 November 2019 compared to the revenue of RM26.34 million in the preceding year corresponding financial period. The Group registered a profit before tax of RM1.11 million compared to a loss before tax of RM1.94 million in the preceding year corresponding financial period. The improved from loss before tax to the current period-to-date's profit before tax was due to higher revenue and product mix.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30-Nov-2019 RM'000	Immediate Preceding Quarter 31-Aug-2019 RM'000	Changes Amount RM'000
Revenue	13,960	16,937	(2,977)
(Loss)/Profit before tax	(17)	1,130	(1,147)
Basic (loss)/earnings per ordinary share (sen)	(0.23)	1.97	(2.20)

The Group recorded revenue of RM13.96 million for the current financial quarter ended 30 November 2019 compared to the revenue of RM16.94 million in the immediate preceding quarter ended 31 August 2019. The Group registered a loss before tax of RM0.02 million compared to a profit before tax of RM1.13 million in the immediate preceding quarter. The 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 improving 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 30 NOVEMBER 2019****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 30-Nov-19 RM'000	3 months Ended 30-Nov-18 RM'000	6 months Ended 30-Nov-19 RM'000	6 months Ended 30-Nov-18 RM'000
Current tax expense				
Malaysia – current	7	3	13	5
– prior	1	-	1	-
Deferred tax expense/(credit)				
Malaysia - current	76	(70)	324	(252)
	84	(67)	338	(247)

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:

	30-Nov-19 RM'000	30-Nov-18 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	70	67
Trust receipts	1,850	1,908
	1,920	1,975
Long term borrowings – unsecured		
Hire Purchase Payables	149	219

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

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FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019****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 30 November 2019:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Loss RM'000
- Used to hedge trade receivables	19,547	19,671	<u>124</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 30 November 2019.

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 30-Nov-19 RM'000	3 months Ended 30-Nov-18 RM'000	6 months Ended 30-Nov-19 RM'000	6 months Ended 30-Nov-18 RM'000
(Loss)/Profit attributable to owners of the parents	<u>(101)</u>	<u>(1,280)</u>	<u>775</u>	<u>(1,695)</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>(0.23)</u>	<u>(2.88)</u>	<u>1.74</u>	<u>(3.82)</u>

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AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019****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 Quarters	
	3 months Ended 30-Nov-19 RM'000	3 months Ended 30-Nov-18 RM'000	6 months Ended 30-Nov-19 RM'000	6 months Ended 30-Nov-18 RM'000
Depreciation	472	501	942	956
Fair value loss/(gain) on derivatives	(276)	(30)	124	596
Fair value loss/(gain) on other investment	54	-	(75)	-
Net gain on foreign exchange - unrealised	(23)	(27)	(309)	(264)
Net loss/(gain) on foreign exchange - realised	8	211	(42)	276
Interest expense	6	13	15	19
Interest income	(99)	(79)	(181)	(161)
Rental income	(6)	(6)	(13)	(13)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
21 January 2020