

EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020**

	(Unaudited) 31-Aug-20 RM'000	(Audited) 31-May-20 RM'000
ASSETS		
Property, plant and equipment	18,994	18,944
Right-of-use asset	397	467
Total non-current assets	<u>19,391</u>	<u>19,411</u>
Inventories	13,871	16,007
Trade and other receivables	4,827	3,497
Tax recoverable	105	102
Other investments	6,983	6,756
Cash and cash equivalents	8,540	8,275
Total current assets	<u>34,326</u>	<u>34,637</u>
TOTAL ASSETS	<u><u>53,717</u></u>	<u><u>54,048</u></u>
EQUITY		
Share capital	52,796	52,796
Accumulated losses	(10,477)	(12,467)
Total equity attributable to owners of the parent	<u>42,319</u>	<u>40,329</u>
LIABILITIES		
Provision for gratuity benefit	2,685	2,633
Borrowings	119	149
Lease liabilities	123	196
Deferred tax liabilities	275	294
Total non-current liabilities	<u>3,202</u>	<u>3,272</u>
Borrowings	1,250	1,294
Lease liabilities	286	282
Trade and other payables	6,660	8,871
Total current liabilities	<u>8,196</u>	<u>10,447</u>
Total liabilities	<u>11,398</u>	<u>13,719</u>
TOTAL EQUITY AND LIABILITIES	<u><u>53,717</u></u>	<u><u>54,048</u></u>
Net assets per share (sen)	95.27	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.)

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 2020 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31-Aug-20 RM'000	3 months ended 31-Aug-19 RM'000	3 months ended 31-Aug-20 RM'000	3 months ended 31-Aug-19 RM'000
Continuing operations				
Revenue	13,605	16,937	13,605	16,937
Cost of sales	(10,144)	(13,304)	(10,144)	(13,304)
Gross profit	<u>3,461</u>	<u>3,633</u>	<u>3,461</u>	<u>3,633</u>
Selling and distribution expenses	(395)	(591)	(395)	(591)
Administrative expenses	(1,903)	(2,019)	(1,903)	(2,019)
Finance costs	(45)	(47)	(45)	(47)
Other operating expenses	(12)	(114)	(12)	(114)
Other incomes	869	268	869	268
Profit before tax	<u>1,975</u>	<u>1,130</u>	<u>1,975</u>	<u>1,130</u>
Taxation	15	(254)	15	(254)
Profit after tax for the period	<u>1,990</u>	<u>876</u>	<u>1,990</u>	<u>876</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u><u>1,990</u></u>	<u><u>876</u></u>	<u><u>1,990</u></u>	<u><u>876</u></u>
Profit attributable to :				
Owners of the Parent	1,990	876	1,990	876
Minority interest	-	-	-	-
Profit after tax for the period	<u><u>1,990</u></u>	<u><u>876</u></u>	<u><u>1,990</u></u>	<u><u>876</u></u>
Total comprehensive income attributable to :				
Owners of the Parent	1,990	876	1,990	876
Minority interest	-	-	-	-
Total comprehensive income for the period	<u><u>1,990</u></u>	<u><u>876</u></u>	<u><u>1,990</u></u>	<u><u>876</u></u>
Basic earnings per ordinary share (sen)	4.48	1.97	4.48	1.97

(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 31 AUGUST 2020 (UNAUDITED)**

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 1 June 2019	52,796	(9,976)	42,820
Total comprehensive income for the period	-	876	876
Balance as at 31 Aug 2019	52,796	(9,100)	43,696
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

(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 31 AUGUST 2020 (UNAUDITED)**

	Cumulative Quarter 3 months ended	
	31-Aug-20 RM'000	31-Aug-19 RM'000
Cash flows from operating activities		
Profit before tax	1,975	1,130
Adjustments for :		
Depreciation of property, plant and equipment	374	470
Depreciation of right-of-use assets	70	-
Fair value (gain)/loss on derivatives	(68)	400
Fair value gain on other investment	(213)	(129)
Loss on disposal of property, plant and equipment	12	-
Interest expense	11	9
Interest income	(40)	(82)
Impairment reversal on property, plant and equipment	(70)	-
Provision for gratuity benefit	52	49
Gain on foreign exchange - unrealised	(256)	(286)
Operating profit before working capital changes	1,847	1,561
Decrease in inventories	2,136	1,792
Increase in receivables	(1,650)	(255)
Decrease in payables	(1,823)	(1,146)
Cash generated from operations	510	1,952
Income tax paid	(7)	(21)
Income tax refunded	-	86
Interest paid	(11)	(9)
Interest received	40	82
Net cash generated from operating activities	532	2,090
Cash flows from investing activities		
Acquisition of other investments	(14)	(5)
Purchase of property, plant and equipment	(366)	(23)
Net cash used in investing activities	(380)	(28)
Cash flows from financing activities		
Short term borrowing (repayment)/drawdown	(101)	711
Net repayment of hire purchase payables	-	(17)
Net repayment of lease liabilities	(69)	-
Net cash flows (used in)/generated from financing activities	(170)	694
Net (decrease)/increase in cash and cash equivalents	(18)	2,756
Effects of changes in exchange rates	283	278
Cash and cash equivalents at beginning of the period	8,275	8,425
Cash and cash equivalents at end of the period	8,540	11,459
Cash and cash equivalents at end of the period consist of :		
Short term funds	2,191	4,083
Cash and bank balances	6,349	7,376
	8,540	11,459

(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 31 AUGUST 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 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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AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020**

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 2020.

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 2020.

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(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020**

PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

A7. Dividends Paid

No dividends were paid during the current financial period ended 31 August 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 31 August 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.

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 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 RM13.61 million for the current financial quarter ended 31 August 2020 compared to the revenue of RM16.94 million in the preceding year corresponding financial quarter ended 31 August 2019. The Group registered a profit before tax of RM1.98 million compared to a profit before tax of RM1.13 million in the preceding year corresponding financial quarter ended 31 August 2019. The higher profit before tax was mainly due to product mix and lower expenses recorded in the reporting quarter.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31-Aug-2020 RM'000	Immediate Preceding Quarter 31-May-2020 RM'000	Changes Amount RM'000
Revenue	13,605	4,503	9,102
Profit/(loss) before tax	1,975	(2,729)	4,704
Basic earnings/(loss) per ordinary share (sen)	4.48	(5.62)	10.10

The Group recorded revenue of RM13.61 million for the current financial quarter ended 31 August 2020 compared to the revenue of RM4.50 million in the immediate preceding quarter ended 31 May 2020. The Group registered a profit before tax of RM1.98 million compared to a loss before tax of RM2.73 million in the immediate preceding quarter. The higher profit before tax was in tandem with higher revenue recorded in the reporting quarter and lower revenue due to COVID-19 pandemic in the immediate preceding quarter.

B3. Current Year Prospects

Due to the significant impact of COVID-19 which had caused major disruptions to the global economy, 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 2021.

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 31 AUGUST 2020****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-20 RM'000	3 months Ended 31-Aug-19 RM'000	3 months Ended 31-Aug-20 RM'000	3 months Ended 31-Aug-19 RM'000
Current tax expense				
Malaysia - current	4	6	4	6
Deferred tax (credit)/expense				
Malaysia - current	(19)	248	(19)	248
	<u>(15)</u>	<u>254</u>	<u>(15)</u>	<u>254</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-20 RM'000	31-Aug-19 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	71	69
Foreign currency invoice financing	1,179	2,105
	<u>1,250</u>	<u>2,174</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>119</u>	<u>167</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 31 AUGUST 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 31 August 2020:

Foreign Exchange Forward Contracts:	Value	Fair Value	Gain
Within 1 year	RM'000	RM'000	RM'000
- Used to hedge trade receivables	20,065	19,997	<u>68</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 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 Quarter	
	3 months Ended 31-Aug-20 RM'000	3 months Ended 31-Aug-19 RM'000	3 months Ended 31-Aug-20 RM'000	3 months Ended 31-Aug-19 RM'000
Profit attributable to owners of the parents	<u>1,990</u>	<u>876</u>	<u>1,990</u>	<u>876</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 per share (sen)	<u>4.48</u>	<u>1.97</u>	<u>4.48</u>	<u>1.97</u>

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AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 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:

	Individual Quarter		Cumulative Quarter	
	3 months Ended 31-Aug-20 RM'000	3 months Ended 31-Aug-19 RM'000	3 months Ended 31-Aug-20 RM'000	3 months Ended 31-Aug-19 RM'000
Depreciation – property, plant and equipment	374	470	374	470
Depreciation – right-of-use assets	70	-	70	-
Fair value (gain)/loss on derivatives	(68)	400	(68)	400
Fair value gain on other investment	(213)	(129)	(213)	(129)
Net gain on foreign exchange - unrealised	(256)	(286)	(256)	(286)
Net gain on foreign exchange - realised	(248)	(50)	(248)	(50)
Interest expense	11	9	11	9
Interest income	(40)	(82)	(40)	(82)
Impairment reversal on property, plant and equipment	(70)	-	(70)	-
Loss on disposal of property, plant and equipment	12	-	12	-
Rental income	(7)	(7)	(7)	(7)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
27 October 2020