

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2020**

	<b>(Unaudited) 30-Nov-20 RM'000</b>	<b>(Audited) 31-May-20 RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	18,722	18,944
Right-of-use assets	327	467
<b>Total non-current assets</b>	<u>19,049</u>	<u>19,411</u>
Inventories	14,007	16,007
Trade and other receivables	6,133	3,497
Tax recoverable	-	102
Other investments	7,008	6,756
Cash and cash equivalents	10,629	8,275
<b>Total current assets</b>	<u>37,777</u>	<u>34,637</u>
<b>TOTAL ASSETS</b>	<u><u>56,826</u></u>	<u><u>54,048</u></u>
<b>EQUITY</b>		
Share capital	52,796	52,796
Accumulated losses	(10,016)	(12,467)
<b>Total equity attributable to owners of the parent</b>	<u>42,780</u>	<u>40,329</u>
<b>LIABILITIES</b>		
Provision for gratuity benefit	2,738	2,633
Borrowings	113	149
Lease liabilities	50	196
Deferred tax liabilities	444	294
<b>Total non-current liabilities</b>	<u>3,345</u>	<u>3,272</u>
Borrowings	1,545	1,294
Lease liabilities	290	282
Tax payable	234	-
Trade and other payables	8,632	8,871
<b>Total current liabilities</b>	<u>10,701</u>	<u>10,447</u>
<b>Total liabilities</b>	<u>14,046</u>	<u>13,719</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>56,826</u></u>	<u><u>54,048</u></u>
Net assets per share (sen)	96.31	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 30 NOVEMBER 2020 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30-Nov-20 RM'000	3 months ended 30-Nov-19 RM'000	6 months ended 30-Nov-20 RM'000	6 months ended 30-Nov-19 RM'000
<b>Continuing operations</b>				
Revenue	12,270	13,960	25,875	30,897
Cost of sales	(9,267)	(11,644)	(19,411)	(24,948)
<b>Gross profit</b>	<u>3,003</u>	<u>2,316</u>	<u>6,464</u>	<u>5,949</u>
Selling and distribution expenses	(178)	(556)	(573)	(1,147)
Administrative expenses	(2,034)	(2,070)	(3,937)	(4,089)
Finance costs	(39)	(50)	(84)	(97)
Other operating expenses	(4)	(62)	(16)	-
Other incomes	229	405	1,098	497
<b>Profit/(Loss) before tax</b>	<u>977</u>	<u>(17)</u>	<u>2,952</u>	<u>1,113</u>
Taxation	(516)	(84)	(501)	(338)
<b>Profit/(Loss) after tax for the period</b>	<u>461</u>	<u>(101)</u>	<u>2,451</u>	<u>775</u>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<u><u>461</u></u>	<u><u>(101)</u></u>	<u><u>2,451</u></u>	<u><u>775</u></u>
Profit/(Loss) attributable to :				
Owners of the Parent	461	(101)	2,451	775
Minority interest	-	-	-	-
<b>Profit/(Loss) after tax for the period</b>	<u><u>461</u></u>	<u><u>(101)</u></u>	<u><u>2,451</u></u>	<u><u>775</u></u>
Total comprehensive income/(loss) attributable to :				
Owners of the Parent	461	(101)	2,451	775
Minority interest	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<u><u>461</u></u>	<u><u>(101)</u></u>	<u><u>2,451</u></u>	<u><u>775</u></u>
Basic earnings/(loss) per ordinary share (sen)	1.04	(0.23)	5.52	1.74

(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 30 NOVEMBER 2020 (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 2019</b>	52,796	(9,976)	42,820
Total comprehensive income for the period	-	775	775
<b>Balance as at 30 Nov 2019</b>	<b>52,796</b>	<b>(9,201)</b>	<b>43,595</b>
<b>Balance as at 1 June 2020</b>	52,796	(12,467)	40,329
Total comprehensive income for the period	-	2,451	2,451
<b>Balance as at 30 Nov 2020</b>	<b>52,796</b>	<b>(10,016)</b>	<b>42,780</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 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 30 NOVEMBER 2020 (UNAUDITED)**

	Cumulative Quarter 6 months ended	
	30-Nov-20 RM'000	30-Nov-19 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,952	1,113
Adjustments for :		
Depreciation of property, plant and equipment	767	942
Depreciation of right-of-use assets	140	-
Fair value (gain)/loss on derivatives	(383)	124
Fair value gain on other investment	(224)	(75)
Gain on disposal of property, plant and equipment	(1)	-
Interest expense	21	20
Interest income	(164)	(181)
Property, plant and equipment written off	4	-
Provision for gratuity benefit	105	99
Gain on foreign exchange - unrealised	(263)	(309)
Operating profit before working capital changes	2,954	1,733
Decrease in inventories	2,000	2,620
Increase in receivables	(2,956)	(2,110)
Decrease/(Increase) in payables	464	(1,759)
Cash generated from operations	2,462	484
Income tax paid	(14)	(49)
Income tax refunded	-	86
Interest paid	(21)	(20)
Interest received	164	181
Net cash generated from operating activities	2,591	682
<b>Cash flows from investing activities</b>		
Acquisition of other investments	(28)	(2,005)
Purchase of property, plant and equipment	(563)	(220)
Proceeds from disposal of other investment	-	12
Proceeds from disposal of property, plant & equipment	14	-
Net cash used in investing activities	(577)	(2,213)
<b>Cash flows from financing activities</b>		
Short term borrowing drawdown	240	457
Net repayment of hire purchase payables	(6)	(34)
Net repayment of lease liabilities	(139)	-
Net cash flows generated from financing activities	95	423
Net increase/(decrease) in cash and cash equivalents	2,109	(1,108)
Effects of changes in exchange rates	245	299
Cash and cash equivalents at beginning of the period	8,275	8,425
Cash and cash equivalents at end of the period	10,629	7,616
Cash and cash equivalents at end of the period consist of :		
Short term funds	2,203	2,111
Cash and bank balances	8,426	5,505
	10,629	7,616

(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 30 NOVEMBER 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.

**AND ITS SUBSIDIARIES**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 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 30 November 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 30 November 2020.

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(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2020**

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

**A7. Dividends Paid**

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 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 RM12.27 million for the current financial quarter ended 30 November 2020 compared to the revenue of RM13.96 million in the preceding year corresponding financial quarter ended 30 November 2019. The Group registered a profit before tax of RM0.98 million compared to a loss before tax of RM0.02 million in the preceding year corresponding financial quarter ended 30 November 2019. The higher profit before tax was mainly due to product mix and lower expenses recorded in the reporting quarter.

Financial period-to-date

The Group recorded revenue of RM25.88 million for the current financial period ended 30 November 2020 compared to the revenue of RM30.9 million in the preceding year corresponding financial period. The Group registered a profit before tax of RM2.95 million compared to a profit before tax of RM1.11 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**

	<b>Current Quarter 30-Nov-2020 RM'000</b>	<b>Immediate Preceding Quarter 31-Aug-2020 RM'000</b>	<b>Changes Amount RM'000</b>
Revenue	12,270	13,605	(1,335)
Profit before tax	977	1,975	(998)
Basic earnings per ordinary share (sen)	1.04	4.48	(3.44)

The Group recorded revenue of RM12.27 million for the current financial quarter ended 30 November 2020 compared to the revenue of RM13.61 million in the immediate preceding quarter ended 31 August 2020. The Group registered a profit before tax of RM0.98 million compared to a profit before tax of RM1.98 million in the immediate preceding quarter. The lower profit before tax was in tandem with lower revenue 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 30 NOVEMBER 2020****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 30-Nov-20 RM'000	3 months Ended 30-Nov-19 RM'000	6 months Ended 30-Nov-20 RM'000	6 months Ended 30-Nov-19 RM'000
Current tax expense				
Malaysia – current	347	7	351	13
– prior	-	1	-	1
Deferred tax expense				
Malaysia - current	169	76	150	324
	516	84	501	338

**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-20 RM'000	30-Nov-19 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	71	70
Foreign currency invoice financing	1,474	1,850
	1,545	1,920
Long term borrowings – unsecured		
Hire Purchase Payables	113	149

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 30 NOVEMBER 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 30 November 2020:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Gain RM'000
- Used to hedge trade receivables	18,324	17,941	<u>383</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 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 30-Nov-20 RM'000	3 months Ended 30-Nov-19 RM'000	6 months Ended 30-Nov-20 RM'000	6 months Ended 30-Nov-19 RM'000
Profit/(loss) attributable to owners of the parents	<u>461</u>	<u>(101)</u>	<u>2,451</u>	<u>775</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>1.04</u>	<u>(0.23)</u>	<u>5.52</u>	<u>1.74</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 30 NOVEMBER 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months Ended 30-Nov-20 RM'000</b>	<b>3 months Ended 30-Nov-19 RM'000</b>	<b>6 months Ended 30-Nov-20 RM'000</b>	<b>6 months Ended 30-Nov-19 RM'000</b>
Depreciation – property, plant and equipment	393	472	767	942
Depreciation – right-of-use assets	70	-	140	-
Fair value (gain)/loss on derivatives	(315)	(276)	(383)	124
Fair value (gain)/loss on other investment	(11)	54	(224)	(75)
Net gain on foreign exchange - unrealised	(7)	(23)	(263)	(309)
Net loss/(gain) on foreign exchange - realised	180	8	(68)	(42)
Interest expense	10	6	21	15
Interest income	(124)	(99)	(164)	(181)
Impairment recovery	70	-	-	-
Gain on disposal of property, plant and equipment	(13)	-	(1)	-
Property, plant and equipment written off	4	-	4	-
Rental income	(7)	(6)	(14)	(13)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
19 January 2021