

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

(Incorporated in Malaysia)

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

	<b>(Unaudited) 31-May-21 RM'000</b>	<b>(Audited) 31-May-20 RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	19,886	18,944
Right-of-use assets	187	467
<b>Total non-current assets</b>	<u>20,073</u>	<u>19,411</u>
Inventories	13,665	16,007
Trade and other receivables	5,168	3,497
Tax recoverable	251	102
Other investments	6,072	6,756
Cash and cash equivalents	11,984	8,275
<b>Total current assets</b>	<u>37,140</u>	<u>34,637</u>
<b>TOTAL ASSETS</b>	<u><u>57,213</u></u>	<u><u>54,048</u></u>
<b>EQUITY</b>		
Share capital	52,796	52,796
Accumulated losses	(9,009)	(12,467)
<b>Total equity attributable to owners of the parent</b>	<u>43,787</u>	<u>40,329</u>
<b>LIABILITIES</b>		
Provision for gratuity benefit	2,830	2,633
Borrowings	356	149
Lease liabilities	-	196
Deferred tax liabilities	591	294
<b>Total non-current liabilities</b>	<u>3,777</u>	<u>3,272</u>
Borrowings	1,107	1,294
Lease liabilities	196	282
Trade and other payables	8,346	8,871
<b>Total current liabilities</b>	<u>9,649</u>	<u>10,447</u>
<b>Total liabilities</b>	<u>13,426</u>	<u>13,719</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>57,213</u></u>	<u><u>54,048</u></u>
Net assets per share (sen)	98.57	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 YEAR ENDED 31 MAY 2021 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31-May-21 RM'000	3 months ended 31-May-20 RM'000	12 months ended 31-May-21 RM'000	12 months ended 31-May-20 RM'000
<b>Continuing operations</b>				
Revenue	13,488	4,503	52,583	47,051
Cost of sales	(10,703)	(4,920)	(40,315)	(39,592)
<b>Gross profit</b>	<u>2,785</u>	<u>(417)</u>	<u>12,268</u>	<u>7,459</u>
Selling and distribution expenses	(323)	39	(1,064)	(1,319)
Administrative expenses	(2,046)	(1,734)	(8,125)	(8,121)
Finance costs	(44)	(33)	(170)	(215)
Other operating expenses	(5)	(731)	(7)	(571)
Other incomes	241	147	1,194	589
<b>Profit/(Loss) before tax</b>	<u>608</u>	<u>(2,729)</u>	<u>4,096</u>	<u>(2,178)</u>
Taxation	(98)	233	(638)	(313)
<b>Profit/(Loss) after tax for the period</b>	<u>510</u>	<u>(2,496)</u>	<u>3,458</u>	<u>(2,491)</u>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<u><u>510</u></u>	<u><u>(2,496)</u></u>	<u><u>3,458</u></u>	<u><u>(2,491)</u></u>
Profit/(Loss) attributable to :				
Owners of the Parent	510	(2,496)	3,458	(2,491)
Minority interest	-	-	-	-
<b>Profit/(Loss) after tax for the period</b>	<u><u>510</u></u>	<u><u>(2,496)</u></u>	<u><u>3,458</u></u>	<u><u>(2,491)</u></u>
Total comprehensive income/(loss) attributable to :				
Owners of the Parent	510	(2,496)	3,458	(2,491)
Minority interest	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<u><u>510</u></u>	<u><u>(2,496)</u></u>	<u><u>3,458</u></u>	<u><u>(2,491)</u></u>
Basic earnings/(loss) per ordinary share (sen)	1.15	(5.62)	7.78	(5.61)

(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 YEAR ENDED 31 MAY 2021 (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 loss for the period	-	(2,491)	(2,491)
<b>Balance as at 31 May 2020</b>	<b>52,796</b>	<b>(12,467)</b>	<b>40,329</b>
<b>Balance as at 1 June 2020</b>	52,796	(12,467)	40,329
Total comprehensive income for the period	-	3,458	3,458
<b>Balance as at 31 May 2021</b>	<b>52,796</b>	<b>(9,009)</b>	<b>43,787</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.)

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (UNAUDITED)**

	Cumulative Quarter 12 months ended	
	31-May-21 RM'000	31-May-20 RM'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	4,096	(2,178)
Adjustments for :		
Allowance for slow moving inventories	-	18
Depreciation of property, plant and equipment	1,550	1,859
Depreciation of right-of-use assets	280	281
Fair value (gain)/loss on derivatives	(192)	683
Fair value (gain)/loss on other investment	(259)	116
Gain on disposal of property, plant and equipment	(81)	-
Interest expense	44	72
Interest income	(328)	(481)
Impairment (recovery)/loss	(70)	209
Property, plant and equipment written off	7	-
Provision for gratuity benefit	197	196
Gain on foreign exchange - unrealised	(260)	(380)
Operating profit before working capital changes	<u>4,984</u>	<u>395</u>
Decrease in inventories	2,342	462
(Increase)/decrease in receivables	(1,946)	1,612
Decrease in payables	<u>(18)</u>	<u>(452)</u>
Cash generated from operations	5,362	2,017
Income tax paid	(490)	(83)
Income tax refunded	-	99
Interest paid	(44)	(72)
Interest received	<u>328</u>	<u>481</u>
Net cash generated from operating activities	<u>5,156</u>	<u>2,442</u>
<b>Cash flows from investing activities</b>		
Acquisition of other investments	(57)	(598)
Purchase of property, plant and equipment	(2,516)	(426)
Proceeds from disposal of other investment	1,000	535
Proceeds from disposal of property, plant & equipment	168	-
Net cash used in investing activities	<u>(1,405)</u>	<u>(489)</u>
<b>Cash flows from financing activities</b>		
Short term borrowing drawdown/(repayment)	37	(242)
Net repayment of hire purchase payables	(46)	(63)
Net repayment of lease liabilities	(282)	(269)
Net cash flows used in financing activities	<u>(291)</u>	<u>(574)</u>
Net increase in cash and cash equivalents	3,460	1,379
Effects of changes in exchange rates	249	378
Cash and cash equivalents at beginning of the period	<u>8,275</u>	<u>6,518</u>
Cash and cash equivalents at end of the period	<u>11,984</u>	<u>8,275</u>
Cash and cash equivalents at end of the period consist of :		
Short term funds	6,224	5,820
Cash and bank balances	<u>5,760</u>	<u>2,455</u>
	<u>11,984</u>	<u>8,275</u>

(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 YEAR ENDED 31 MAY 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 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.

**EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARIES**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 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 year ended 31 May 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 year ended 31 May 2021.

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021**

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

**A7. Dividends Paid**

No dividends were paid during the current financial year ended 31 May 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 year ended 31 May 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 YEAR ENDED 31 MAY 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 RM13.49 million for the current financial quarter ended 31 May 2021 compared to the revenue of RM4.50 million in the preceding year corresponding financial quarter ended 31 May 2020. The Group registered a profit before tax of RM0.61 million compared to a loss before tax of RM2.73 million in the preceding year corresponding financial quarter ended 31 May 2020. In comparison with the revenue recorded in the preceding year corresponding quarter ended 31 May 2020, the lower revenue recorded then was attributed to MCO imposed by the government of Malaysia with temporary closure of businesses in Mar 2020.

Financial year-to-date

The Group recorded revenue of RM52.58 million for the current financial year ended 31 May 2021 compared to the revenue of RM47.05 million in the preceding financial year. The Group registered a profit before tax of RM4.10 million compared to a loss before tax of RM2.18 million in the preceding financial year. The improved profit before tax was due to higher revenue and product mix.

**B2. Comparison with Preceding Quarter's Results**

	<b>Current Quarter 31-May-2021 RM'000</b>	<b>Immediate Preceding Quarter 28-Feb-2021 RM'000</b>	<b>Changes Amount RM'000</b>
Revenue	13,488	13,220	268
Profit before tax	608	536	72
Basic earnings per ordinary share (sen)	1.15	1.12	0.03

The Group recorded revenue of RM13.49 million for the current financial quarter ended 31 May 2021 compared to the revenue of RM13.22 million in the immediate preceding quarter ended 28 February 2021. The Group registered a profit before tax of RM0.61 million compared to a profit before tax of RM0.54 million in the immediate preceding quarter. The higher profit before tax was due to higher revenue 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 YEAR ENDED 31 MAY 2021****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 31-May-21 RM'000	3 months Ended 31-May-20 RM'000	12 months Ended 31-May-21 RM'000	12 months Ended 31-May-20 RM'000
Current tax expense				
Malaysia – current	(72)	14	354	19
– prior	-	-	(13)	-
Deferred tax expense				
Malaysia - current	170	(247)	297	294
	98	(233)	638	313

The effective tax rate was lower than the statutory tax rate due to available of unabsorbed tax losses.

**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-May-21 RM'000	31-May-20 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	138	41
Foreign currency invoice financing	969	1,253
	1,107	1,293
Long term borrowings – unsecured		
Hire Purchase Payables	356	149

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

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021****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 May 2021:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Gain RM'000
- Used to hedge trade receivables	18,020	17,830	190
- Used to hedge trade payables	430	428	2
			<u>192</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 year ended 31 May 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-May-21 RM'000	3 months Ended 31-May-20 RM'000	12 months Ended 31-May-21 RM'000	12 months Ended 31-May-20 RM'000
Profit/(loss) attributable to owners of the parents	<u>510</u>	<u>(2,496)</u>	<u>3,458</u>	<u>(2,491)</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>1.15</u>	<u>(5.62)</u>	<u>7.78</u>	<u>(5.61)</u>

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021****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 31-May-21 RM'000</b>	<b>3 months Ended 31-May-20 RM'000</b>	<b>12 months Ended 31-May-21 RM'000</b>	<b>12 months Ended 31-May-20 RM'000</b>
Depreciation – property, plant and equipment	376 70	473 -	1,550 280	2,140 -
Depreciation – right-of-use assets				
Fair value(gain)/loss on derivatives	(2)	402	(192)	683
Fair value (gain)/loss on other investment	(45)	239	(259)	116
Net gain on foreign exchange – unrealized	(36)	(118)	(260)	(380)
Net loss/(gain) on foreign exchange - realised	5	(38)	(2)	(40)
Interest expense	10	10	44	72
Interest income	(42)	(50)	(328)	(481)
Impairment recovery	(70)	-	(70)	-
Gain on disposal of property, plant and equipment	(36)	-	(81)	-
Property, plant and equipment written off	-	-	7	-
Rental income	(7)	(6)	(28)	(26)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)  
Secretary  
Penang  
16 August 2021