

EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

	(Unaudited) 31-May-22 RM'000	(Audited) 31-May-21 RM'000
ASSETS		
Property, plant and equipment	20,870	19,886
Right-of-use assets	331	187
Total non-current assets	<u>21,201</u>	<u>20,073</u>
Inventories	14,727	13,665
Trade and other receivables	5,318	5,168
Derivatives	-	191
Tax recoverable	477	251
Other investments	3,690	6,072
Deferred tax asset	66	-
Cash and cash equivalents	8,572	11,984
Total current assets	<u>32,850</u>	<u>37,331</u>
TOTAL ASSETS	<u><u>54,051</u></u>	<u><u>57,404</u></u>
EQUITY		
Share capital	52,796	52,796
Accumulated losses	(13,615)	(9,009)
Total equity attributable to owners of the parent	<u>39,181</u>	<u>43,787</u>
LIABILITIES		
Provision for gratuity benefit	3,014	2,830
Borrowings	475	356
Lease liabilities	155	-
Deferred tax liabilities	-	591
Total non-current liabilities	<u>3,644</u>	<u>3,777</u>
Borrowings	3,077	1,107
Lease liabilities	177	196
Trade and other payables	7,469	8,537
Derivatives	503	-
Total current liabilities	<u>11,226</u>	<u>9,840</u>
Total liabilities	<u>14,870</u>	<u>13,617</u>
TOTAL EQUITY AND LIABILITIES	<u><u>54,051</u></u>	<u><u>57,404</u></u>
Net assets per share (sen)	88.20	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 YEAR ENDED 31 MAY 2022 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31-May-22 RM'000	3 months ended 31-May-21 RM'000	12 months ended 31-May-22 RM'000	12 months ended 31-May-21 RM'000
Continuing operations				
Revenue	11,472	13,488	39,980	52,583
Cost of sales	(9,517)	(10,703)	(34,861)	(40,315)
Gross profit	<u>1,955</u>	<u>2,785</u>	<u>5,119</u>	<u>12,268</u>
Selling and distribution expenses	(285)	(323)	(859)	(1,064)
Administrative expenses	(2,343)	(2,046)	(8,857)	(8,125)
Finance costs	(54)	(44)	(164)	(170)
Other operating expenses	(354)	(5)	(1,201)	(7)
Other incomes	138	241	651	1,194
(Loss)/Profit before tax	<u>(943)</u>	<u>608</u>	<u>(5,311)</u>	<u>4,096</u>
Taxation	19	(98)	705	(638)
(Loss)/Profit after tax for the year	<u>(924)</u>	<u>510</u>	<u>(4,606)</u>	<u>3,458</u>
Other comprehensive income for the year	-	-	-	-
Total comprehensive (loss)/income for the year	<u><u>(924)</u></u>	<u><u>510</u></u>	<u><u>(4,606)</u></u>	<u><u>3,458</u></u>
(Loss)/Profit attributable to :				
Owners of the Parent	(924)	510	(4,606)	3,458
Minority interest	-	-	-	-
(Loss)/Profit after tax for the year	<u><u>(924)</u></u>	<u><u>510</u></u>	<u><u>(4,606)</u></u>	<u><u>3,458</u></u>
Total comprehensive (loss)/income attributable to :				
Owners of the Parent	(924)	510	(4,606)	3,458
Minority interest	-	-	-	-
Total comprehensive (loss)/income for the year	<u><u>(924)</u></u>	<u><u>510</u></u>	<u><u>(4,606)</u></u>	<u><u>3,458</u></u>
Basic (loss)/earnings per ordinary share (sen)	(2.08)	1.15	(10.37)	7.78

(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 YEAR ENDED 31 MAY 2022 (UNAUDITED)**

	Share capital	Accumulated	Total
	RM'000	losses	RM'000
	RM'000	RM'000	RM'000
Balance as at 1 June 2020	52,796	(12,467)	40,329
Total comprehensive income for the year	-	3,458	3,458
Balance as at 31 May 2021	52,796	(9,009)	43,787
Balance as at 1 June 2021	52,796	(9,009)	43,787
Total comprehensive loss for the year	-	(4,606)	(4,606)
Balance as at 31 May 2022	52,796	(13,615)	39,181

(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.)

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 2022 (UNAUDITED)**

	Cumulative Quarter 12 months ended	
	31-May-22 RM'000	31-May-21 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(5,311)	4,096
Adjustments for :		
Allowance for slow moving inventories	-	-
Depreciation of property, plant and equipment	1,634	1,550
Depreciation of right-of-use assets	217	280
Fair value loss/(gain) on derivatives	503	(192)
Fair value loss/(gain) on other investment	462	(259)
Gain on disposal of property, plant and equipment	(225)	(81)
Interest expense	60	44
Interest income	(377)	(328)
Impairment recovery	-	(70)
Property, plant and equipment written off	4	7
Provision for gratuity benefit	184	197
Gain on foreign exchange - unrealised	(399)	(260)
Operating (loss)/profit before working capital changes	<u>(3,248)</u>	<u>4,984</u>
(Increase)/Decrease in inventories	(1,063)	2,342
Increase in receivables	(25)	(1,946)
Decrease in payables	<u>(886)</u>	<u>(18)</u>
Cash generated (used in)/from operations	(5,222)	5,362
Income tax paid	(231)	(490)
Income tax refunded	53	-
Interest paid	(60)	(44)
Interest received	<u>377</u>	<u>328</u>
Net cash (used in)/from operating activities	<u>(5,083)</u>	<u>5,156</u>
Cash flows from investing activities		
Acquisition of other investments	(50)	(57)
Purchase of property, plant and equipment	(2,740)	(2,516)
Proceeds from disposal of other investment	1,970	1,000
Proceeds from disposal of property, plant & equipment	<u>344</u>	<u>168</u>
Net cash used in investing activities	<u>(476)</u>	<u>(1,405)</u>
Cash flows from financing activities		
Short term borrowing drawdown	2,224	37
Net repayment of hire purchase payables	(159)	(46)
Net repayment of lease liabilities	<u>(225)</u>	<u>(282)</u>
Net cash flows generated from/(used in) financing activities	<u>1,840</u>	<u>(291)</u>
Net (decrease)/increase in cash and cash equivalents	(3,719)	3,460
Effects of changes in exchange rates	307	249
Cash and cash equivalents at beginning of the year	<u>11,984</u>	<u>8,275</u>
Cash and cash equivalents at end of the year	<u><u>8,572</u></u>	<u><u>11,984</u></u>
Cash and cash equivalents at end of the year consist of :		
Short term funds	1,948	6,224
Cash and bank balances	<u>6,624</u>	<u>5,760</u>
	<u><u>8,572</u></u>	<u><u>11,984</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 YEAR ENDED 31 MAY 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 YEAR ENDED 31 MAY 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 year ended 31 May 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 year ended 31 May 2022.

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(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

A7. Dividends Paid

No dividends were paid during the current financial year ended 31 May 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 year ended 31 May 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 YEAR ENDED 31 MAY 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 RM11.47 million for the current financial quarter ended 31 May 2022 compared to the revenue of RM13.49 million in the preceding year corresponding financial quarter ended 31 May 2021. The Group registered a loss before tax of RM0.94 million compared to a profit before tax of RM0.61 million in the preceding year corresponding financial quarter ended 31 May 2021 as a result of lower revenue.

Financial year-to-date

The Group recorded revenue of RM39.98 million for the current financial year ended 31 May 2022 compared to the revenue of RM52.58 million in the preceding financial year. The Group registered a loss before tax of RM5.31 million compared to a profit before tax of RM4.10 million in the preceding financial year. The loss before tax was mainly due to lower revenue as a result of COVID-19 movement restriction order imposed by the government which mandated the Group to stop some production during first quarter of the financial year ended 31 May 2022, hence affected its ability to fulfill sales orders.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31-May-2022 RM'000	Immediate Preceding Quarter 28-Feb-2022 RM'000	Changes Amount RM'000
Revenue	11,472	12,136	(664)
Loss before tax	(943)	(1,528)	585
Basic loss per ordinary share (sen)	(2.08)	(3.03)	0.95

The Group recorded revenue of RM11.47 million for the current financial quarter ended 31 May 2022 compared to the revenue of RM12.14 million in the immediate preceding quarter ended 28 February 2022. The Group registered a loss before tax of RM0.94 million compared to a loss before tax of RM1.53 million in the immediate preceding quarter. The lower loss before tax was mainly due to higher gross profit margin recorded in the reporting quarter.

B3. Current Year Prospects

The global market remains uncertain with the continued impact of the Covid-19 pandemic and also the ongoing Russia-Ukraine War. The Group foresees a more challenging business environment for financial year ending 31 May 2023.

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 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 31-May-22 RM'000	3 months Ended 31-May-21 RM'000	12 months Ended 31-May-22 RM'000	12 months Ended 31-May-21 RM'000
Current tax expense				
Malaysia – current	(48)	(72)	(48)	354
– prior	-	-	-	(13)
Deferred tax expense/(credit)				
Malaysia - current	29	170	(657)	297
	<u>(19)</u>	<u>98</u>	<u>(705)</u>	<u>638</u>

The tax credit for current financial year was due to the deferred tax reversal provision.

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-22 RM'000	31-May-21 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	210	138
Foreign currency invoice financing	2,867	969
	<u>3,077</u>	<u>1,107</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>475</u>	<u>356</u>

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

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AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MAY 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 31 May 2022:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Loss RM'000
- Used to hedge trade receivables	16,173	16,676	<u>503</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 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 31-May-22 RM'000	3 months Ended 31-May-21 RM'000	12 months Ended 31-May-22 RM'000	12 months Ended 31-May-21 RM'000
(Loss)/Profit attributable to owners of the parents	<u>(924)</u>	<u>510</u>	<u>(4,606)</u>	<u>3,458</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>(2.08)</u>	<u>1.15</u>	<u>(10.37)</u>	<u>7.78</u>

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AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MAY 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/year are the followings:

	Individual Quarter		Cumulative Quarter	
	3 months Ended 31-May-22 RM'000	3 months Ended 31-May-21 RM'000	12 months Ended 31-May-22 RM'000	12 months Ended 31-May-21 RM'000
Depreciation – property, plant and equipment	423	376	1,634	1,550
Depreciation – right-of-use assets	6	70	217	280
Fair value (loss)/gain on derivatives	429	(2)	503	(192)
Fair value loss/(gain) on other investment	62	(45)	462	(259)
Net gain on foreign exchange – unrealized	(130)	(36)	(399)	(260)
Net (gain)/loss on foreign exchange - realised	(80)	5	652	(2)
Interest expense	21	10	60	44
Interest income	(13)	(42)	(377)	(328)
Impairment recovery	-	(70)	-	(70)
Gain on disposal of property, plant and equipment	(43)	(36)	(225)	(81)
Property, plant and equipment written off	-	-	4	7
Rental income	(2)	(7)	(22)	(28)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)
Secretary
Penang
26 July 2022