

EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)

(Incorporated in Malaysia)

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

	(Unaudited) 31-Aug-22 RM'000	(Audited) 31-May-22 RM'000
ASSETS		
Property, plant and equipment	20,522	20,870
Right-of-use assets	286	331
Deferred tax asset	74	66
Total non-current assets	<u>20,882</u>	<u>21,267</u>
Inventories	14,317	14,727
Trade and other receivables	7,078	5,318
Tax recoverable	482	477
Short term investments	5,614	5,638
Cash and cash equivalents	5,157	6,624
Total current assets	<u>32,648</u>	<u>32,784</u>
TOTAL ASSETS	<u><u>53,530</u></u>	<u><u>54,051</u></u>
EQUITY		
Share capital	52,796	52,796
Accumulated losses	(14,144)	(13,615)
Total equity attributable to owners of the parent	<u>38,652</u>	<u>39,181</u>
LIABILITIES		
Provision for gratuity benefit	3,062	3,014
Borrowings	441	475
Lease liabilities	109	155
Total non-current liabilities	<u>3,612</u>	<u>3,644</u>
Borrowings	2,913	3,077
Lease liabilities	180	177
Trade and other payables	7,580	7,469
Derivatives	593	503
Total current liabilities	<u>11,266</u>	<u>11,226</u>
Total liabilities	<u>14,878</u>	<u>14,870</u>
TOTAL EQUITY AND LIABILITIES	<u><u>53,530</u></u>	<u><u>54,051</u></u>
Net assets per share (sen)	87.01	88.20

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2022.)

(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 2022 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31-Aug-22 RM'000	3 months ended 31-Aug-21 RM'000	3 months ended 31-Aug-22 RM'000	3 months ended 31-Aug-21 RM'000
Continuing operations				
Revenue	14,209	4,967	14,209	4,967
Cost of sales	(12,452)	(5,576)	(12,452)	(5,576)
Gross profit/(loss)	<u>1,757</u>	<u>(609)</u>	<u>1,757</u>	<u>(609)</u>
Selling and distribution expenses	(235)	(83)	(235)	(83)
Administrative expenses	(2,049)	(2,016)	(2,049)	(2,016)
Finance costs	(42)	(27)	(42)	(27)
Other operating expenses	(327)	(543)	(327)	(543)
Other incomes	359	584	359	584
Loss before tax	<u>(537)</u>	<u>(2,694)</u>	<u>(537)</u>	<u>(2,694)</u>
Taxation	8	409	8	409
Loss after tax for the period	<u>(529)</u>	<u>(2,285)</u>	<u>(529)</u>	<u>(2,285)</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u><u>(529)</u></u>	<u><u>(2,285)</u></u>	<u><u>(529)</u></u>	<u><u>(2,285)</u></u>
Loss attributable to :				
Owners of the Parent	(529)	(2,285)	(529)	(2,285)
Minority interest	-	-	-	-
Loss after tax for the period	<u><u>(529)</u></u>	<u><u>(2,285)</u></u>	<u><u>(529)</u></u>	<u><u>(2,285)</u></u>
Total comprehensive loss attributable to :				
Owners of the Parent	(529)	(2,285)	(529)	(2,285)
Minority interest	-	-	-	-
Total comprehensive loss for the period	<u><u>(529)</u></u>	<u><u>(2,285)</u></u>	<u><u>(529)</u></u>	<u><u>(2,285)</u></u>
Basic loss per ordinary share (sen)	(1.19)	(5.14)	(1.19)	(5.14)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2022.)

(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 2022 (UNAUDITED)**

	Share capital	Accumulated	Total
	RM'000	losses	RM'000
	RM'000	RM'000	RM'000
Balance as at 1 June 2021	52,796	(9,009)	43,787
Total comprehensive loss for the period	-	(2,285)	(2,285)
Balance as at 31 Aug 2021	52,796	(11,294)	41,502
Balance as at 1 June 2022	52,796	(13,615)	39,181
Total comprehensive loss for the period	-	(529)	(529)
Balance as at 31 Aug 2022	52,796	(14,144)	38,652

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2022.)

(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 2022 (UNAUDITED)**

	Cumulative Quarter 3 months ended	
	31-Aug-22 RM'000	31-Aug-21 RM'000
Cash flows from operating activities		
Loss before tax	(537)	(2,694)
Adjustments for :		
Depreciation of property, plant and equipment	422	376
Depreciation of right-of-use assets	45	70
Fair value loss/(gain) on derivatives	593	(109)
Fair value loss on short term investment	27	86
Gain on disposal of property, plant and equipment	(11)	(12)
Interest expense	24	12
Interest income	(10)	(207)
Property, plant and equipment written off	3	-
Provision for gratuity benefit	48	46
Gain on foreign exchange - unrealised	(296)	(222)
Operating profit/(loss) before working capital changes	<u>308</u>	<u>(2,654)</u>
Decrease/(Increase) in inventories	410	(1,033)
(Increase)/Decrease in receivables	(1,760)	1,153
Decrease in payables	(394)	(1,209)
Cash used in operations	<u>(1,436)</u>	<u>(3,743)</u>
Income tax paid	(5)	(217)
Income tax refunded	-	12
Interest paid	(24)	(12)
Interest received	10	207
Net cash used in operating activities	<u>(1,455)</u>	<u>(3,753)</u>
Cash flows from investing activities		
Acquisition of short term investments	(2)	(13)
Proceeds from disposal of short term investment	-	1,970
Proceeds from disposal of plant & equipment	48	21
Purchase of property, plant and equipment	(114)	(76)
Net cash (used in)/generated from investing activities	<u>(68)</u>	<u>1,902</u>
Cash flows from financing activities		
Short term borrowing repayment	(155)	(154)
Net repayment of hire purchase payables	(38)	(34)
Net repayment of lease liabilities	(43)	(73)
Net cash flows used in financing activities	<u>(236)</u>	<u>(261)</u>
Net decrease in cash and cash equivalents	(1,759)	(2,112)
Effects of changes in exchange rates	292	224
Cash and cash equivalents at beginning of the period	6,624	11,984
Cash and cash equivalents at end of the period	<u><u>5,157</u></u>	<u><u>10,096</u></u>
Cash and cash equivalents at end of the period consist of :		
Short term funds	-	4,255
Cash and bank balances	5,157	5,841
	<u><u>5,157</u></u>	<u><u>10,096</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 2022.)

(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 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 2022. 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 2022.

(A) Adoption of Amendments/Improvements to MFRS

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

Initial application for the above amendments to MFRSs did not have any material impact to the financial statements of the Group and of the Company upon adoption.

(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 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2022**

PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation (Cont'd)

(B) Standards Issued But Not Yet Effective (Cont'd)

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 31 August 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 period ended 31 August 2022.

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AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2022**

PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING

A7. Dividends Paid

No dividends were paid during the current financial period ended 31 August 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 period ended 31 August 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 PERIOD ENDED 31 AUGUST 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 RM14.21 million for the current financial quarter ended 31 August 2022 compared to the revenue of RM4.97 million in the preceding year corresponding financial quarter ended 31 August 2021. The Group registered a loss before tax of RM0.54 million compared to a loss before tax of RM2.69 million in the preceding year corresponding financial quarter ended 31 August 2021. Lower loss before tax was due to higher revenue recorded in the reporting quarter.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31-Aug-2022 RM'000	Immediate Preceding Quarter 31-May-2022 RM'000	Changes Amount RM'000
Revenue	14,209	11,472	2,737
Loss before tax	(537)	(943)	406
Basic loss per ordinary share (sen)	(1.19)	(2.08)	0.89

The Group recorded revenue of RM14.21 million for the current financial quarter ended 31 August 2022 compared to the revenue of RM11.5 million in the immediate preceding quarter ended 31 May 2022. The Group registered a loss before tax of RM0.54 million compared to a loss before tax of RM0.94 million in the immediate preceding quarter. Lower loss before tax was due to higher revenue recorded in the reporting quarter.

B3. Current Year Prospects

Global market remains uncertain with the continued impact of the Covid-19 pandemic and also the on-going 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.

B4. Profit Forecast

Not applicable as the Company did not provide any profit forecast.

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FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2022****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-22 RM'000	3 months Ended 31-Aug-21 RM'000	3 months Ended 31-Aug-22 RM'000	3 months Ended 31-Aug-21 RM'000
Deferred tax credit Malaysia - current	(8)	(409)	(8)	(409)
	<u>(8)</u>	<u>(409)</u>	<u>(8)</u>	<u>(409)</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-22 RM'000	31-Aug-21 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	192	141
Foreign currency invoice financing	<u>2,721</u>	<u>816</u>
	<u>2,913</u>	<u>957</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>441</u>	<u>320</u>

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

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 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 August 2022:

Foreign Exchange Forward Contracts: Within 1 year	Value RM'000	Fair Value RM'000	Loss RM'000
- Used to hedge trade receivables	12,502	13,097	595
- Used to hedge trade payables	507	505	(2)
			<u>593</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 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-Aug-22 RM'000	3 months Ended 31-Aug-21 RM'000	3 months Ended 31-Aug-22 RM'000	3 months Ended 31-Aug-21 RM'000
Loss attributable to owners of the parents	<u>(529)</u>	<u>(2,285)</u>	<u>(529)</u>	<u>(2,285)</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 per share (sen)	<u>(1.19)</u>	<u>(5.14)</u>	<u>(1.19)</u>	<u>(5.14)</u>

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(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Quarter	
	3 months Ended 31-Aug-22 RM'000	3 months Ended 31-Aug-21 RM'000	3 months Ended 31-Aug-22 RM'000	3 months Ended 31-Aug-21 RM'000
Depreciation – property, plant and equipment	422	376	422	376
Depreciation – right-of-use assets	45	70	45	70
Fair value loss/(gain) on derivatives	593	(109)	593	(109)
Fair value loss on short term investment	27	86	27	86
Net gain on foreign exchange - unrealised	(296)	(222)	(296)	(222)
Net (gain)/loss on foreign exchange - realised	(333)	461	(333)	461
Interest expense	24	12	24	12
Interest income	(10)	(207)	(10)	(207)
Gain on disposal of property, plant and equipment	(11)	(12)	(11)	(12)
Property, plant and equipment written off	3	-	3	-
Rental income	(5)	(7)	(5)	(7)

BY ORDER OF THE BOARD

Lim Kim Teck (MAICSA 7010844)

Secretary

Penang

19 October 2022