

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

(Incorporated in Malaysia)

**AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2022**

	<b>(Unaudited) 30-Nov-22 RM'000</b>	<b>(Audited) 31-May-22 RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	19,773	20,870
Right-of-use assets	241	331
Deferred tax asset	75	66
<b>Total non-current assets</b>	<u>20,089</u>	<u>21,267</u>
Inventories	13,574	14,727
Trade and other receivables	4,291	5,318
Tax recoverable	486	477
Short term investments	5,361	5,638
Cash and cash equivalents	6,502	6,624
<b>Total current assets</b>	<u>30,214</u>	<u>32,784</u>
<b>TOTAL ASSETS</b>	<u><u>50,303</u></u>	<u><u>54,051</u></u>
<b>EQUITY</b>		
Share capital	52,796	52,796
Accumulated losses	(14,426)	(13,615)
<b>Total equity attributable to owners of the parent</b>	<u>38,370</u>	<u>39,181</u>
<b>LIABILITIES</b>		
Provision for gratuity benefit	3,111	3,014
Borrowings	407	475
Lease liabilities	62	155
<b>Total non-current liabilities</b>	<u>3,580</u>	<u>3,644</u>
Borrowings	2,402	3,077
Lease liabilities	182	177
Trade and other payables	5,339	7,469
Derivatives	430	503
<b>Total current liabilities</b>	<u>8,353</u>	<u>11,226</u>
<b>Total liabilities</b>	<u>11,933</u>	<u>14,870</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>50,303</u></u>	<u><u>54,051</u></u>
Net assets per share (sen)	86.38	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 30 NOVEMBER 2022 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30-Nov-22 RM'000	3 months ended 30-Nov-21 RM'000	6 months ended 30-Nov-22 RM'000	6 months ended 30-Nov-21 RM'000
<b>Continuing operations</b>				
Revenue	8,626	11,405	22,836	16,372
Cost of sales	(6,915)	(9,086)	(19,367)	(14,662)
<b>Gross profit</b>	1,711	2,319	3,469	1,710
Selling and distribution expenses	(339)	(235)	(574)	(318)
Administrative expenses	(2,230)	(2,195)	(4,279)	(4,211)
Finance costs	(41)	(41)	(83)	(68)
Other operating expenses	(239)	(345)	(311)	(888)
Other incomes	854	349	958	933
<b>Loss before tax</b>	(284)	(148)	(820)	(2,842)
Taxation	1	95	9	504
<b>Loss after tax for the period</b>	(283)	(53)	(811)	(2,338)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(283)	(53)	(811)	(2,338)
Loss attributable to :				
Owners of the Parent	(283)	(53)	(811)	(2,338)
Minority interest	-	-	-	-
Loss after tax for the period	(283)	(53)	(811)	(2,338)
Total comprehensive loss attributable to :				
Owners of the Parent	(283)	(53)	(811)	(2,338)
Minority interest	-	-	-	-
<b>Total comprehensive loss for the period</b>	(283)	(53)	(811)	(2,338)
Basic loss per ordinary share (sen)	(0.64)	(0.12)	(1.83)	(5.26)

(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 30 NOVEMBER 2022 (UNAUDITED)**

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
<b>Balance as at 1 June 2021</b>	52,796	(9,009)	43,787
Total comprehensive loss for the period	-	(2,338)	(2,338)
<b>Balance as at 30 Nov 2021</b>	<b>52,796</b>	<b>(11,347)</b>	<b>41,449</b>
<b>Balance as at 1 June 2022</b>	52,796	(13,615)	39,181
Total comprehensive loss for the period	-	(811)	(811)
<b>Balance as at 30 Nov 2022</b>	<b>52,796</b>	<b>(14,426)</b>	<b>38,370</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 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 30 NOVEMBER 2022 (UNAUDITED)**

	Cumulative Quarter 6 months ended	
	30-Nov-22 RM'000	30-Nov-21 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(820)	(2,842)
Adjustments for :		
Depreciation of property, plant and equipment	869	787
Depreciation of right-of-use assets	90	140
Fair value loss/(gain) on derivatives	429	(140)
Fair value loss on short term investment	136	302
Gain on disposal of property, plant and equipment	(683)	(169)
Interest expense	50	22
Interest income	(62)	(337)
Property, plant and equipment written off	3	1
Provision for gratuity benefit	97	92
Gain on foreign exchange - unrealised	(257)	(249)
Operating loss before working capital changes	(148)	(2,393)
Decrease in inventories	1,153	479
Decrease/(Increase) in receivables	1,027	(3,217)
(Decrease)/Increase in payables	(2,632)	313
Cash used in operations	(600)	(4,818)
Income tax paid	(9)	(222)
Income tax refunded	-	13
Interest paid	(50)	(22)
Interest received	62	337
Net cash used in operating activities	(597)	(4,712)
<b>Cash flows from investing activities</b>		
Acquisition of short term investment	(19)	(28)
Purchase of property, plant and equipment	(114)	(1,049)
Proceeds from disposal of short term investment	160	1,970
Proceeds from disposal of property, plant & equipment	1,022	197
Net cash generated from investing activities	1,049	1,090
<b>Cash flows from financing activities</b>		
Short term borrowing drawdown	(676)	1,357
Net repayment of hire purchase payables	(77)	(68)
Net repayment of lease liabilities	(88)	(146)
Net cash (used in)/generated from financing activities	(841)	1,143
Net decrease in cash and cash equivalents	(389)	(2,479)
Effects of changes in exchange rates	267	236
Cash and cash equivalents at beginning of the period	6,624	11,984
Cash and cash equivalents at end of the period	6,502	9,741
Cash and cash equivalents at end of the period consist of :		
Short term funds	-	3,925
Cash and bank balances	6,502	5,816
	6,502	9,741

(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 30 NOVEMBER 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 30 NOVEMBER 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 30 November 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 30 November 2022.

**AND ITS SUBSIDIARIES**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2022**

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

**A7. Dividends Paid**

No dividends were paid during the current financial period ended 30 November 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 30 November 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 30 NOVEMBER 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 lower revenue of RM8.63 million for the current financial quarter ended 30 November 2022 as compared to the revenue of RM11.41 million in the preceding year corresponding financial quarter ended 30 November 2021. The Group registered a loss before tax of RM0.28 million compared to a loss before tax of RM0.15 million in the preceding year corresponding financial quarter ended 30 November 2021 as a result of lower revenue.

Financial period-to-date

The Group recorded revenue of RM22.84 million for the current financial period ended 30 November 2022 compared to the revenue of RM16.37 million in the preceding year corresponding financial period. The Group registered a loss before tax of RM0.82 million compared to a loss before tax of RM2.84 million in the preceding year corresponding financial period. The lower loss before tax was due to higher revenue in the current financial period to date.

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

	<b>Current Quarter 30-Nov-2022 RM'000</b>	<b>Immediate Preceding Quarter 31-Aug-2022 RM'000</b>	<b>Changes Amount RM'000</b>
Revenue	8,626	14,209	(5,583)
Loss before tax	(284)	(537)	253
Basic loss per ordinary share (sen)	(0.64)	(1.19)	0.55

The Group recorded revenue of RM8.63 million for the current financial quarter ended 30 November 2022 compared to the revenue of RM14.21 million in the immediate preceding quarter ended 31 August 2022. The Group registered a loss before tax of RM0.28 million compared to a loss before tax of RM0.54 million in the immediate preceding quarter. Lower loss before tax was due to higher gross profit margin and gain on disposal of property recorded in the current 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.



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FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 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 30-Nov-22 RM'000	3 months Ended 30-Nov-21 RM'000	6 months Ended 30-Nov-22 RM'000	6 months Ended 30-Nov-21 RM'000
Deferred tax expense Malaysia - current	(1)	(95)	(9)	(504)
	<u>(1)</u>	<u>(95)</u>	<u>(9)</u>	<u>(504)</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:

	30-Nov-22 RM'000	30-Nov-21 RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	174	141
Foreign currency invoice financing	2,228	2,313
	<u>2,402</u>	<u>2,454</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>407</u>	<u>285</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 PERIOD ENDED 30 NOVEMBER 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 30 November 2022:

Foreign Exchange Forward Contracts: Within 1 year	<b>Value RM'000</b>	<b>Fair Value RM'000</b>	<b>Loss RM'000</b>
- Used to hedge trade receivables	7,447	7,877	<u>430</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 2022.

**B11. Losses Per Share**

Basic losses 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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months Ended 30-Nov-22 RM'000</b>	<b>3 months Ended 30-Nov-21 RM'000</b>	<b>6 months Ended 30-Nov-22 RM'000</b>	<b>6 months Ended 30-Nov-21 RM'000</b>
Loss attributable to owners of the parents	<u>(283)</u>	<u>(53)</u>	<u>(811)</u>	<u>(2,338)</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 losses per share (sen)	<u>(0.64)</u>	<u>(0.12)</u>	<u>(1.83)</u>	<u>(5.26)</u>

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**AND ITS SUBSIDIARIES**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months Ended 30-Nov-22 RM'000</b>	<b>3 months Ended 30-Nov-21 RM'000</b>	<b>6 months Ended 30-Nov-22 RM'000</b>	<b>6 months Ended 30-Nov-21 RM'000</b>
Depreciation – property, plant and equipment	448	411	869	787
Depreciation – right-of-use assets	45	70	90	140
Fair value (gain)/loss on derivatives	(164)	(31)	430	(140)
Fair value loss on short term investment	121	216	158	302
Net loss/(gain) on foreign exchange - unrealised	39	(27)	(257)	(249)
Net loss/(gain) on foreign exchange - realised	130	131	(203)	592
Interest expense	26	10	50	22
Interest income	(51)	(130)	(62)	(337)
Gain on disposal of property, plant and equipment	(673)	(157)	(684)	(169)
Property, plant and equipment written off	-	1	3	1
Rental income	(5)	(6)	(10)	(13)

BY ORDER OF THE BOARD

Kong Sown Kaey (MAICSA 7047655)  
Secretary  
Penang  
17 January 2023