

EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024**

	(Unaudited) 29-Feb-24 RM'000	(Audited) 31-May-23 RM'000
ASSETS		
Property, plant and equipment	4,172	17,288
Right-of-use assets	-	151
Other investments	3,424	3,494
Deferred tax asset	-	72
Total non-current assets	<u>7,596</u>	<u>21,005</u>
Inventories	4,353	8,155
Trade and other receivables	5,913	8,019
Tax recoverable	24	478
Short term investments	2,799	-
Cash and cash equivalents	2,849	2,952
Assets held for sale	4,091	1,490
Assets of disposal group classified as held for sale	23,006	-
Total current assets	<u>43,035</u>	<u>21,094</u>
TOTAL ASSETS	<u><u>50,631</u></u>	<u><u>42,099</u></u>
EQUITY		
Share capital	52,796	52,796
Accumulated losses	(18,580)	(19,759)
Total equity attributable to owners of the parent	<u>34,216</u>	<u>33,037</u>
LIABILITIES		
Provision for gratuity benefit	3,359	3,207
Borrowings	230	337
Total non-current liabilities	<u>3,589</u>	<u>3,544</u>
Borrowings	142	203
Lease liabilities	-	155
Trade and other payables	10,931	5,128
Derivatives	-	32
Liabilities of disposal group classified as held for sale	1,753	-
Total current liabilities	<u>12,826</u>	<u>5,518</u>
Total liabilities	<u>16,415</u>	<u>9,062</u>
TOTAL EQUITY AND LIABILITIES	<u><u>50,631</u></u>	<u><u>42,099</u></u>
Net assets per share (sen)	77.03	74.37

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2023.)

(The notes set out on pages 5 to 12 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 29 FEBRUARY 2024 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months ended 29-Feb-24 RM'000	3 months ended 28-Feb-23 RM'000	9 months ended 29-Feb-24 RM'000	9 months ended 28-Feb-23 RM'000
Continuing operations				
Revenue	5,323	7,165	18,285	30,000
Cost of sales	(4,909)	(6,289)	(17,224)	(25,657)
Gross profit	<u>414</u>	<u>876</u>	<u>1,061</u>	<u>4,343</u>
Selling and distribution expenses	(157)	(342)	(561)	(916)
Administrative expenses	(2,262)	(2,119)	(6,856)	(6,398)
Finance costs	(13)	(45)	(52)	(127)
Other operating expenses	(56)	(1,855)	(284)	(1,655)
Other incomes	1,295	519	8,426	966
(Loss)/Profit before tax	<u>(779)</u>	<u>(2,966)</u>	<u>1,734</u>	<u>(3,787)</u>
Taxation	(24)	(122)	(555)	(113)
(Loss)/Profit after tax for the period	<u>(803)</u>	<u>(3,088)</u>	<u>1,179</u>	<u>(3,900)</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss)/profit for the period	<u><u>(803)</u></u>	<u><u>(3,088)</u></u>	<u><u>1,179</u></u>	<u><u>(3,900)</u></u>
(Loss)/Profit attributable to :				
Owners of the Parent	(803)	(3,088)	1,179	(3,900)
Minority interest	-	-	-	-
(Loss)/Profit after tax for the period	<u><u>(803)</u></u>	<u><u>(3,088)</u></u>	<u><u>1,179</u></u>	<u><u>(3,900)</u></u>
Total comprehensive (loss)/profit attributable to :				
Owners of the Parent	(803)	(3,088)	1,179	(3,900)
Minority interest	-	-	-	-
Total comprehensive (loss)/profit for the period	<u><u>(803)</u></u>	<u><u>(3,088)</u></u>	<u><u>1,179</u></u>	<u><u>(3,900)</u></u>
Basic (loss)/earnings per ordinary share (sen)	(1.81)	(6.95)	2.65	(8.78)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2023.)

(The notes set out on pages 5 to 12 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 29 FEBRUARY 2024 (UNAUDITED)**

	Share capital	Accumulated	Total
	RM'000	losses	RM'000
		RM'000	RM'000
Balance as at 1 June 2022	52,796	(13,615)	39,181
Total comprehensive loss for the period	-	(3,900)	(3,900)
Balance as at 28 Feb 2023	52,796	(17,515)	35,281
Balance as at 1 June 2023	52,796	(19,759)	33,037
Total comprehensive income for the period	-	1,179	1,179
Balance as at 29 Feb 2024	52,796	(18,580)	34,216

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2023.)

(The notes set out on pages 5 to 12 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 29 FEBRUARY 2024 (UNAUDITED)**

	Cumulative Quarter 9 months ended	
	29-Feb-24 RM'000	28-Feb-23 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	1,734	(3,787)
Adjustments for :		
Depreciation of property, plant and equipment	1,117	1,313
Depreciation of right-of-use assets	46	135
Fair value loss on derivatives	-	208
Fair value gain on short term investment	(63)	(48)
Gain on disposal of property, plant and equipment	(6,687)	(687)
Interest expense	11	80
Interest income	(274)	(88)
Property, plant and equipment written off	-	63
Provision for gratuity benefit	152	145
Gain on foreign exchange - unrealised	(302)	(341)
Operating loss before working capital changes	<u>(4,266)</u>	<u>(3,007)</u>
Decrease in inventories	2,108	4,099
Decrease in receivables	1,288	2,186
Increase/(Decrease) in payables	3,392	(3,072)
Cash generated from operations	<u>2,522</u>	<u>206</u>
Tax paid	(549)	(13)
Tax refunded	448	-
Interest paid	(11)	(80)
Interest received	274	88
Net cash generated from operating activities	<u>2,684</u>	<u>201</u>
Cash flows from investing activities		
Acquisition of short term investments	(14,491)	(2,034)
Purchase of property, plant and equipment	(502)	(114)
Proceeds from disposal of short term investment	4,730	207
Proceeds from disposal of property, plant & equipment	8,208	1,030
Net cash used in investing activities	<u>(2,055)</u>	<u>(911)</u>
Cash flows from financing activities		
Short term borrowing repayment	(99)	(2,816)
Net repayment of hire purchase payables	(69)	(116)
Net repayment of lease liabilities	(50)	(132)
Net cash flows used in financing activities	<u>(218)</u>	<u>(3,064)</u>
Net increase/(decrease) in cash and cash equivalents	411	(3,774)
Effects of changes in exchange rates	301	337
Cash and cash equivalents at beginning of the period	<u>2,952</u>	<u>6,624</u>
Cash and cash equivalents at end of the period	<u>3,664</u>	<u>3,187</u>
Cash and cash equivalents at end of the period consist of :		
Cash and bank balances	2,849	3,187
Cash and bank balances included in disposal group held for sales	815	-
	<u>3,664</u>	<u>3,187</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2023.)

(The notes set out on pages 5 to 12 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 29 FEBRUARY 2024**

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 2023. 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 2023.

(A) Adoption of Amendments/Improvements to MFRS

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts and 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: 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

Amendments to MFRS 112 Income Taxes: International Tax Reform – Pillar Two Model Rules

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 2024

Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements: Non-current Liabilities with Covenants

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Financial Arrangements

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

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.

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024**

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 29 February 2024.

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 29 February 2024.

A7. Dividends Paid

No dividends were paid during the current financial period ended 29 February 2024.

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024****PART A: REQUIREMENTS OF MFRS 134 INTERIM FINANCIAL REPORTING****A8. Segmental Information**

The Group is principally engaged in the manufacturing and trading of furniture and wood-based products and trading of used cars.

Information about business segment**29 February 2024**

Revenue	Manufacturing of furniture and wood- based products RM'000	Trading of used cars RM'000	Consolidated RM'000
Total revenue	23,431	1,666	25,097
Inter-segment revenue	(6,812)	-	(6,812)
Revenue from external customer	16,619	1,666	18,285
Result			
Profit before tax	1,673	61	1,734

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 29 February 2024.

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 29 FEBRUARY 2024****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 RM5.32 million for the current financial quarter ended 29 February 2024 as compared to the revenue of RM7.17 million in the preceding year corresponding financial quarter ended 28 February 2023. The Group registered a loss before tax of RM0.78 million compared to a loss before tax of RM2.97 million in the preceding year corresponding financial quarter ended 28 February 2023. The lower loss before tax was due to the insurance claim received in the current quarter.

Financial period-to-date

The Group recorded revenue of RM18.29 million for the current financial period ended 29 February 2024 compared to the revenue of RM30 million in the preceding year corresponding financial period. The Group registered a profit before tax of RM1.73 million compared to a loss before tax of RM3.79 million in the preceding year corresponding financial period. The recorded profit before tax was due to the gain on disposal of properties during the financial period.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 29-Feb-2024 RM'000	Immediate Preceding Quarter 30-Nov-2023 RM'000	Changes Amount RM'000
Revenue	5,323	5,967	(644)
Loss before tax	(779)	(2,085)	1,306
Basic loss per ordinary share (sen)	(1.81)	(4.83)	3.02

The Group recorded revenue of RM5.32 million for the current financial quarter ended 29 February 2024 compared to the revenue of RM5.97 million in the immediate preceding quarter ended 30 November 2023. The Group registered a loss before tax of RM0.78 million compared to a loss before tax of RM2.09 million in the immediate preceding quarter. The lower loss before tax was due to the insurance claim received in the reporting quarter.

B3. Current Year Prospects

The global market remains uncertain with the on-going Russia-Ukraine War and the rising of global inflation rate and interest rate. The Group foresees a more challenging business environment for financial year ending 31 May 2024. However, the Group will continue its effort in mitigating the impact on its operating results.

B4. Profit Forecast

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

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024****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 29-Feb-24 RM'000	3 months Ended 28-Feb-23 RM'000	9 months Ended 29-Feb-24 RM'000	9 months Ended 28-Feb-23 RM'000
Current tax expense				
Malaysia – current	3	9	17	9
– prior year	13	-	13	-
– real property gain tax	-	-	516	-
Deferred tax expense				
Malaysia - current	8	113	9	104
	24	122	555	113

B6. Status of Corporate Proposal Announced**(i) Proposed disposal of a subsidiary and properties to related parties**

On 24 August 2023, the Company has entered into a conditional share sale agreement (“SSA”) with Mr. Guan Kok Beng, Mr. Guan Shaw Yin and Mr. Guan Shaw Kee, the directors of the Company, for the proposed disposal of 2,600,000 ordinary shares and 15,000,000 non-cumulative redeemable convertible preference shares in DFSB, representing the entire equity interest of the Company in DFSB, for a total disposal consideration of RM38,900,000.

On the same date, Eurospan Furniture Sdn. Bhd. (“EFSB”), a wholly owned subsidiary of the Company, has also entered into a conditional sale and purchase agreement (“SPA”) with DFSB for the proposed disposal of EFSB’s properties of 2 parcels of freehold lands together with the buildings erected thereon (“EFSB Properties”) to DFSB for a total disposal consideration of RM15,650,000 upon completion of the proposed disposal of DFSB as mentioned above and a tenancy agreement (“TA”) with DFSB for the proposed tenancy between DFSB, as landlord, and EFSB, as tenant, in respect of EFSB Properties for a period of 2 years with an option to further renew the tenancy for another 2 years at monthly rental of RM87,671 upon completion of the proposed disposal of EFSB Properties.

The above proposals have obtained the approval of the non-interested shareholders of the Company at the extraordinary general meeting held on 8 December 2023. Subsequently, to facilitate the completion of the transactions, EFSB and DFSB have mutually agreed to further extend the conditional period of SSA and SPA from 23 February 2024 to 24 June 2024 and 24 July 2024 respectively.

Save for the above, there were no other corporate proposals announced but not completed as at the date of this report.

AND ITS SUBSIDIARIES

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024**

**PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN
MARKET LISTING REQUIREMENT**

B7. Group Borrowings and Debt Securities

The Group borrowings and debt securities were as follows:

	29-Feb-24	28-Feb-23
	RM'000	RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	142	157
Foreign currency invoice financing	-	87
	<u>142</u>	<u>244</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>230</u>	<u>372</u>

Hire purchase payables are denominated in Ringgit Malaysia (RM).

B8. Derivative Financial Liabilities

There were no outstanding derivative financial instruments as at 29 February 2024.

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 29 February 2024.

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN
MARKET LISTING REQUIREMENT****B11. (Loss)/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 29-Feb-24 RM'000	3 months Ended 28-Feb-23 RM'000	9 months Ended 29-Feb-24 RM'000	9 months Ended 28-Feb-23 RM'000
(Loss)/Profit attributable to owners of the parents	<u>(803)</u>	<u>(3,088)</u>	<u>1,179</u>	<u>(3,900)</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>(1.81)</u>	<u>(6.95)</u>	<u>2.65</u>	<u>(8.78)</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 29 FEBRUARY 2024****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 29-Feb-24 RM'000	3 months Ended 28-Feb-23 RM'000	9 months Ended 29-Feb-24 RM'000	9 months Ended 28-Feb-23 RM'000
Depreciation – property, plant and equipment	368	443	1,117	1,313
Depreciation – right-of-use assets	-	45	45	136
Fair value (gain)/loss on derivatives	-	(221)	-	208
Fair value gain on other investment	(97)	(163)	(63)	(5)
Net loss/(gain) on foreign exchange - unrealised	55	(84)	(302)	(341)
Net (gain)/loss on foreign exchange - realised	(70)	456	283	253
Interest expense	4	30	11	80
Interest income	(29)	(27)	(274)	(89)
Gain on disposal of property, plant and equipment	-	(3)	(6,687)	(687)
Property, plant and equipment written off	-	60	-	63
Stock written off	-	1,339	-	1,339
Rental income	-	-	-	(10)

BY ORDER OF THE BOARD

Kong Sown Kaey (MAICSA 7047655)

Secretary

Penang

29 April 2024