

EUROSPAN HOLDINGS BERHAD 199501022724 (351927-M)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023**

	(Unaudited) 31-Aug-23 RM'000	(Audited) 31-May-23 RM'000
ASSETS		
Property, plant and equipment	16,896	17,288
Right-of-use assets	-	151
Other investments	3,500	3,494
Deferred tax asset	48	72
Total non-current assets	<u>20,444</u>	<u>21,005</u>
Inventories	6,785	8,155
Trade and other receivables	6,717	8,019
Tax recoverable	469	478
Short term investments	6,458	-
Cash and cash equivalents	9,239	2,952
Assets held for sale	-	1,490
Total current assets	<u>29,668</u>	<u>21,094</u>
TOTAL ASSETS	<u>50,112</u>	<u>42,099</u>
EQUITY		
Share capital	52,796	52,796
Accumulated losses	(15,630)	(19,759)
Total equity attributable to owners of the parent	<u>37,166</u>	<u>33,037</u>
LIABILITIES		
Provision for gratuity benefit	3,258	3,207
Borrowings	302	337
Total non-current liabilities	<u>3,560</u>	<u>3,544</u>
Borrowings	140	203
Lease liabilities	-	155
Trade and other payables	9,244	5,128
Derivatives	2	32
Total current liabilities	<u>9,386</u>	<u>5,518</u>
Total liabilities	<u>12,946</u>	<u>9,062</u>
TOTAL EQUITY AND LIABILITIES	<u>50,112</u>	<u>42,099</u>
Net assets per share (sen)	83.67	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.)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 months	3 months	3 months	3 months
	ended	ended	ended	ended
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	6,995	14,209	6,995	14,209
Cost of sales	(6,732)	(12,452)	(6,732)	(12,452)
Gross profit	<u>263</u>	<u>1,757</u>	<u>263</u>	<u>1,757</u>
Selling and distribution expenses	(234)	(235)	(234)	(235)
Administrative expenses	(2,083)	(2,049)	(2,083)	(2,049)
Finance costs	(24)	(42)	(24)	(42)
Other operating expenses	(383)	(327)	(383)	(327)
Other incomes	7,059	359	7,059	359
Profit/(Loss) before tax	<u>4,598</u>	<u>(537)</u>	<u>4,598</u>	<u>(537)</u>
Taxation	(469)	8	(469)	8
Profit/(Loss) after tax for the period	<u>4,129</u>	<u>(529)</u>	<u>4,129</u>	<u>(529)</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period	<u>4,129</u>	<u>(529)</u>	<u>4,129</u>	<u>(529)</u>
Profit/(Loss) attributable to :				
Owners of the Parent	4,129	(529)	4,129	(529)
Minority interest	-	-	-	-
Profit/(Loss) after tax for the period	<u>4,129</u>	<u>(529)</u>	<u>4,129</u>	<u>(529)</u>
Total comprehensive income/(loss) attributable to :				
Owners of the Parent	4,129	(529)	4,129	(529)
Minority interest	-	-	-	-
Total comprehensive income/(loss) for the period	<u>4,129</u>	<u>(529)</u>	<u>4,129</u>	<u>(529)</u>
Basic earnings/(loss) per ordinary share (sen)	9.30	(1.19)	9.30	(1.19)

(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 31 AUGUST 2023 (UNAUDITED)**

	Share capital	Accumulated losses	Total
	RM'000	RM'000	RM'000
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
Balance as at 1 June 2023	52,796	(19,759)	33,037
Total comprehensive income for the period	-	4,129	4,129
Balance as at 31 Aug 2023	52,796	(15,630)	37,166

(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 31 AUGUST 2023 (UNAUDITED)**

	Cumulative Quarter 3 months ended	
	31-Aug-23 RM'000	31-Aug-22 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	4,598	(537)
Adjustments for :		
Depreciation of property, plant and equipment	361	422
Depreciation of right-of-use assets	45	45
Fair value loss on derivatives	2	593
Fair value (gain)/loss on investments	(11)	27
Gain on disposal of property, plant and equipment	(6,687)	(11)
Interest expense	3	24
Interest income	(13)	(10)
Property, plant and equipment written off	-	3
Provision for gratuity benefit	51	48
Gain on foreign exchange - unrealised	(349)	(296)
Operating (loss)/profit before working capital changes	(2,000)	308
Decrease in inventories	1,370	410
Decrease/(Increase) in receivables	1,302	(1,760)
Increase/(Decrease) in payables	4,084	(394)
Cash generated from/(used in) operations	4,756	(1,436)
Income tax paid	(437)	(5)
Interest paid	(3)	(24)
Interest received	13	10
Net cash generated from/(used in) operating activities	4,329	(1,455)
Cash flows from investing activities		
Acquisition of short term investments	(6,452)	(2)
Proceeds from disposal of plant & equipment	8,208	48
Purchase of property, plant and equipment	-	(114)
Net cash generated from/(used in) investing activities	1,756	(68)
Cash flows from financing activities		
Short term borrowing repayment	(64)	(155)
Net repayment of hire purchase payables	(34)	(38)
Net repayment of lease liabilities	(49)	(43)
Net cash flows used in financing activities	(147)	(236)
Net increase/(decrease) in cash and cash equivalents	5,938	(1,759)
Effects of changes in exchange rates	349	292
Cash and cash equivalents at beginning of the period	2,952	6,624
Cash and cash equivalents at end of the period	9,239	5,157
Cash and cash equivalents at end of the period consist of :		
Cash and bank balances	9,239	5,157
	9,239	5,157

(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 31 AUGUST 2023**

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 31 AUGUST 2023**

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 31 August 2023.

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 2023.

A7. Dividends Paid

No dividends were paid during the current financial period ended 31 August 2023.

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023****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**31 August 2023**

Revenue	Manufacturing of furniture and wood- based products RM'000	Trading of used cars RM'000	Consolidated RM'000
Total revenue	8,198	631	8,829
Inter-segment revenue	(1,834)	-	(1,834)
Revenue from external customer	6,364	631	6,995
Result			
Profit before tax	4,557	41	4,598

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 2023.

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 2023****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 RM6.99 million for the current financial quarter ended 31 August 2023 compared to the revenue of RM14.21 million in the preceding year corresponding financial quarter ended 31 August 2022. The Group registered a profit before tax of RM4.60 million compared to a loss before tax of RM0.54 million in the preceding year corresponding financial quarter ended 31 August 2022. The higher profit before tax was due to the gain on disposal of properties in the reporting quarter.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31-Aug-2023 RM'000	Immediate Preceding Quarter 31-May-2023 RM'000	Changes Amount RM'000
Revenue	6,995	7,646	(651)
Profit/(Loss) before tax	4,598	(2,283)	2,315
Basic earnings/(loss) per ordinary share (sen)	9.30	(5.02)	14.32

The Group recorded revenue of RM6.99 million for the current financial quarter ended 31 August 2023 compared to the revenue of RM7.65 million in the immediate preceding quarter ended 31 May 2023. The Group registered a profit before tax of RM4.60 million compared to a loss before tax of RM2.28 million in the immediate preceding quarter. The higher profit before tax was due to the gain on disposal of properties 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 31 AUGUST 2023****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-23 RM'000	3 months Ended 31-Aug-22 RM'000	3 months Ended 31-Aug-23 RM'000	3 months Ended 31-Aug-22 RM'000
Current tax expense				
Malaysia – current	10	-	10	-
– real property gain tax	435	-	435	-
Deferred tax expense				
Malaysia - current	24	(8)	24	(8)
	469	(8)	469	(8)

B6. Status of Corporate Proposal Announced**(i) Disposal of properties**

On 3 March 2023, Dynaspan Furniture Sdn. Bhd. (“DFSB”), a wholly owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with Mr. Khoo Kok Seang, Mr. Khoo Kay Sen and Mr. Khoo Yi Sen for the disposal of a leasehold land with a unit of single storey office and factory building erected thereon in Kulim, Kedah for a total cash consideration of RM6,950,000. The disposal has been completed as at the date of this report.

(ii) Proposed disposal of a subsidiary and properties to related parties

On 24 August 2023, the Company has entered into a conditional share sale agreement 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 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 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.

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN
MARKET LISTING REQUIREMENT****B6. Status of Corporate Proposal Announced (Cont'd)****(ii) Proposed disposal of a subsidiary and properties to related parties (Con'td)**

The above proposals are subject to the approval of the non-interested shareholders of the Company being obtained at an extraordinary general meeting to be convened for the proposals. A circular to the shareholders of the Company in relation to the above proposals will be issued in due course upon obtaining clearance of the same from the relevant authority.

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

B7. Group Borrowings and Debt Securities

The Group borrowings and debt securities were as follows:

	31-Aug-23	31-Aug-22
	RM'000	RM'000
Short term borrowings – unsecured		
Hire Purchase Payables	140	192
Foreign currency invoice financing	-	2,721
	<u>140</u>	<u>2,913</u>
Long term borrowings – unsecured		
Hire Purchase Payables	<u>302</u>	<u>441</u>

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

B8. Derivative Financial Liabilities

Details of outstanding derivative financial instruments as at 31 August 2023:

	Value	Fair Value	Loss
	RM'000	RM'000	RM'000
Foreign Exchange Forward Contracts: Within 1 year			
- Used to hedge trade receivables	924	926	<u>2</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.

AND ITS SUBSIDIARIES**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023****PART B: REQUIREMENTS OF PART A OF APPENDIX 9B OF THE REVISED MAIN
MARKET LISTING REQUIREMENT****B10. Dividends**

The directors do not recommend the payment of any dividend for the current financial period ended 31 August 2023.

B11. Earnings/(Loss) 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-23 RM'000	3 months Ended 31-Aug-22 RM'000	3 months Ended 31-Aug-23 RM'000	3 months Ended 31-Aug-22 RM'000
Profit/(Loss) attributable to owners of the parents	<u>4,129</u>	<u>(529)</u>	<u>4,129</u>	<u>(529)</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>9.30</u>	<u>(1.19)</u>	<u>9.30</u>	<u>(1.19)</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 31 AUGUST 2023****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	3 months	3 months	3 months
	Ended	Ended	Ended	Ended
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
	RM'000	RM'000	RM'000	RM'000
Depreciation – property, plant and equipment				
Depreciation – right-of-use assets	361	422	361	422
	45	45	45	45
Fair value loss on derivatives	2	593	2	593
Fair value (gain)/loss on short term investment	(11)	27	(11)	27
Net gain on foreign exchange - unrealised	(349)	(296)	(349)	(296)
Net loss/(gain) on foreign exchange - realised				
	382	(333)	382	(333)
Interest expense	3	24	3	24
Interest income	(13)	(10)	(13)	(10)
Gain on disposal of property, plant and equipment	(6,687)	(11)	(6,687)	(11)
Property, plant and equipment written off	-	3	-	3
Rental income	-	(5)	-	(5)

BY ORDER OF THE BOARD

Kong Sown Kaey (MAICSA 7047655)

Secretary

Penang

30 October 2023