



Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD

(Company No. 377762-V)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018**

	Quarter Ended		Year To Date Ended	
	31.08.2018	31.08.2017	31.08.2018	31.08.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	97,509	94,513	173,981	152,227
Cost of sales	(59,804)	(75,803)	(112,983)	(120,105)
Gross profit	37,705	18,710	60,998	32,122
Other operating income	1,242	715	1,858	1,163
Marketing and distribution expenses	(4,604)	(2,934)	(7,506)	(6,133)
Administrative expenses	(5,795)	(5,308)	(10,606)	(9,318)
Other operating expenses	(1,038)	(974)	(2,078)	(2,294)
Finance costs	(696)	(654)	(1,329)	(1,329)
Profit before tax	26,814	9,555	41,337	14,211
Tax expense	(7,689)	(3,092)	(11,789)	(4,680)
Profit for the period	19,125	6,463	29,548	9,531
Other comprehensive income/(expenses)				
Foreign currency translation differences for foreign operation	1	517	(62)	5
Total comprehensive income for the period	19,126	6,980	29,486	9,536
Profit attributable to:				
Equity holders of the Company	8,023	3,862	12,069	4,852
Non-controlling interest	11,102	2,601	17,479	4,679
	19,125	6,463	29,548	9,531
Total comprehensive income attributable to:				
Equity holders of the Company	8,022	4,386	12,009	5,107
Non-controlling interest	11,104	2,594	17,477	4,429
	19,126	6,980	29,486	9,536
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (Sen)				
	6.27	3.02	9.43	3.79

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2018 and the accompanying explanatory notes attached to these Condensed Reports.

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018**

	AS AT 31.08.2018 RM'000	AS AT 28.02.2018 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	66,973	68,812
Other investments	7	7
Land held for property development	148,080	147,720
Investment properties	49,532	49,905
Deferred tax assets	2,787	2,787
	<u>267,379</u>	<u>269,231</u>
Current assets		
Property development costs	147,617	151,839
Inventories	21,638	23,783
Trade and other receivables	121,638	89,651
Sinking funds	234	247
Tax recoverable	3,347	2,979
Cash and bank balances	77,447	42,536
	<u>371,921</u>	<u>311,035</u>
TOTAL ASSETS	<u>639,300</u>	<u>580,266</u>

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018 (Contd.)**

	AS AT 31.08.2018 RM'000	AS AT 28.02.2018 RM'000 (AUDITED)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	128,000	128,000
Share premium	5,982	5,982
Reserves	168,454	156,445
	<u>302,436</u>	<u>290,427</u>
Non-controlling interest	40,590	23,113
TOTAL EQUITY	<u>343,026</u>	<u>313,540</u>
Non-current liabilities		
Borrowings	115,095	92,453
Deferred tax liabilities	12,451	12,461
	<u>127,546</u>	<u>104,914</u>
Current liabilities		
Trade and other payables	81,231	79,245
Provisions	9,406	10,826
Borrowings	66,266	68,439
Current tax payables	11,825	3,302
	<u>168,728</u>	<u>161,812</u>
TOTAL LIABILITIES	<u>296,274</u>	<u>266,726</u>
TOTAL EQUITY AND LIABILITIES	<u>639,300</u>	<u>580,266</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>2.36</u>	<u>2.27</u>

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2018 and the accompanying explanatory notes attached to these Condensed Reports.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR TO DATE ENDED 31 AUGUST 2018**

	←————— Attributable to equity holders of the Company —————→						
	←————— Non-distributable —————→			Distributable			
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non - controlling interest RM'000	Total equity RM'000
At 1 March 2018	128,000	5,982	134	156,311	290,427	23,113	313,540
Profit for the period	-	-	-	12,069	12,069	17,479	29,548
Other comprehensive expenses	-	-	(60)	-	(60)	(2)	(62)
Total comprehensive income	-	-	(60)	12,069	12,009	17,477	29,486
At 31 August 2018	<u>128,000</u>	<u>5,982</u>	<u>74</u>	<u>168,380</u>	<u>302,436</u>	<u>40,590</u>	<u>343,026</u>
At 1 March 2017	128,000	5,982	613	146,721	281,316	8,631	289,947
Profit for the period	-	-	-	4,852	4,852	4,679	9,531
Other comprehensive income	-	-	255	-	255	(250)	5
Total comprehensive income	-	-	255	4,852	5,107	4,429	9,536
At 31 August 2017	<u>128,000</u>	<u>5,982</u>	<u>868</u>	<u>151,573</u>	<u>286,423</u>	<u>13,060</u>	<u>299,483</u>

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2018 and the accompanying explanatory notes attached to these Condensed Reports.

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR TO DATE ENDED 31 AUGUST 2018**

	Year To Date Ended	
	31.08.2018	31.08.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	163,419	89,219
Cash payments to suppliers and creditors	(97,631)	(95,701)
Cash payments to employees and for expenses	(44,941)	(16,801)
Cash generated from/(used in) operations	<u>20,847</u>	<u>(23,283)</u>
Bank overdraft interest paid	(188)	(102)
Rental income received	294	820
Deposit received	-	122
Insurance compensation received	-	35
Tax refund	102	34
Tax paid	(3,738)	(2,045)
Net cash generated from/(used in) operating activities	<u>17,317</u>	<u>(24,419)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	795	387
Management fees received	-	57
Purchase of property, plant and equipment	(37)	(952)
Proceed from disposal of investment properties	470	-
Investment in unit trust /other investments	-	22
Subsequent expenditure on investment properties	(97)	(89)
Net cash generated from/(used in) investing activities	1,131	(575)

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR TO DATE ENDED 31 AUGUST 2018 (Contd.)**

	Year To Date Ended	
	31.08.2018	31.08.2017
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	47,745	26,929
Repayment of term loans	(25,672)	(16,178)
Drawdown of revolving credits	-	18,410
Repayment of revolving credits	(3,140)	(8,400)
Net creation/(repayment) of bankers' acceptance and invoice financing	645	(1,782)
Repayment of hire purchase loan	(281)	(335)
Term loans interest paid	(3,152)	(1,218)
Revolving credit interest paid	(667)	(600)
Discount paid on bankers' acceptance and invoice financing	(81)	(175)
Hire purchase interest paid	(19)	(39)
Fixed deposits pledged to licensed bank	(2,130)	(902)
Net cash generated from financing activities	13,248	15,710
Net increase/(decrease) in cash and cash equivalents	31,696	(9,284)
Effect of exchange rate changes	(87)	(5)
Cash and cash equivalents at beginning of financial year	34,515	24,132
Cash and cash equivalents at end of financial period	66,124	14,843
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	52,092	12,942
Fixed deposits with licensed banks	25,355	8,597
	77,447	21,539
Less: Bank overdraft	(6,459)	(3,976)
Deposits pledged as collateral	(4,864)	(2,720)
	66,124	14,843

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2018 and the accompanying explanatory notes attached to these Condensed Reports.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

Part A: Explanatory Notes Pursuant to MFRS 134

A1 Basis of Preparation

These Condensed Consolidated Interim Financial Statements (“Condensed Report”) have been prepared in accordance with *Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting* and paragraph 9.22 of the *Main Market Listing Requirements of Bursa Malaysia Securities Berhad*.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 28 February 2018 which are available at <http://www.eupe.com>. The explanatory notes attached to the Condensed Report provide explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 28 February 2018.

Malaysian Financial Reporting Standards Framework (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of *MFRS 141: Agriculture* and/or *IC Interpretation 15 “Agreements for Construction of Real Estate”*, including their parent, significant investor and venturer (herein called “Transitioning Entities”).

On 8 September 2015, MASB announcement that the effective date of MFRS 15 “Revenue from Contracts with Customers” will be deferred to annual periods beginning on or after 1 January 2018. As a result, the Group and the Company, which are within the scope of *MFRS 141 “Agriculture”* and *IC Interpretation 15 “Agreements for Construction of Real Estate”* are permitted to defer the adoption of the new MFRS Framework to annual periods beginning on or after 1 January 2018. Hence, the Group and the Company adopted the MFRS Framework for annual period beginning on or after 1 March 2018.

A2 Accounting Policies

The accounting policies adopted in preparing the Condensed Report are consistent with those used in the audited financial statements for the financial year ended 28 February 2018 except for the adoption of new standards and amendments to standards and interpretation as follows:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 – 2016 Cycle*
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A2 Accounting Policies (Contd.)

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2018 (Contd.)

- Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 – 2016 Cycle*
- Amendments to MFRS 140 *Transfers of Investment Property*
- Clarifications to MFRS 15 *Revenue from Contracts with Customers*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*.

MFRS 15 – Revenue from Contracts with Customers

The adoption of MFRS 15 reform the timing of revenue recognition for the property development activities of the Group which requires distinct identification of separate performance obligations in the contract with customer where revenue are recognised when each distinct performance obligation is satisfied, depending on the substance of the contract which may be at a point in time (completion method) or over time (percentage of completion method).

MFRS 9 – Financial Instruments

With the adoption of MFRS 9, the changes principally on the model for assessment of credit risk. MFRS 9 introduced expected credit losses (“ECL”) model on impairment replacing the previously used, incurred loss impairment model in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date.

ECL model involve objective judgement, probability-weighted and through review on all available information relevant to the assessment, incorporating past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date as well as taking into consideration the time value of money. This may have the effect of accelerating the recognition of impairment losses.

Except as disclosed above, the adoption of the above MFRSs, Amendments to MFRSs and Interpretations are not expected to have any material impact on the financial statements of the Group.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A3 Auditors' Report on Preceding Financial Year Financial Statements

The auditors' report on the financial statements for the financial year ended 28 February 2018 was unmodified.

A4 Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors, except for the Chalet and Golf Management Division which normally peaks during major festive seasons and holidays.

A5 Unusual Items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, net income or cash flow of the Group during the current quarter and year to date ended 31 August 2018.

A6 Material Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter and year to date ended 31 August 2018.

A7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 August 2018.

The Companies Act 2016 which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account shall become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM5,982,000 million for purposes as set out in Section 618 (3) of the Act. As at the date of this Condensed Report, the directors have yet to decide on any utilisation of the share premium.

A8 Dividend Paid

No dividends were paid during the financial period ended 31 August 2018.

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018****Part A: Explanatory Notes Pursuant to FRS 134 (Contd.)****A9 Segmental Reporting****Year To Date Ended 31 August 2018**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	160,629	24,836	5,761	1,469	192,695
Elimination of inter- segment revenue	-	(18,540)	-	(174)	(18,714)
	<u>160,629</u>	<u>6,296</u>	<u>5,761</u>	<u>1,295</u>	<u>173,981</u>
Segment Results	44,053	(175)	(1,731)	(276)	41,871
Interest income	716	7	16	56	795
Finance costs	(824)	(163)	(295)	(47)	(1,329)
Profit before tax	<u>43,945</u>	<u>(331)</u>	<u>(2,010)</u>	<u>(267)</u>	<u>41,337</u>
Tax expense	(11,694)	-	-	(95)	(11,789)
Profit for the period	<u>32,251</u>	<u>(331)</u>	<u>(2,010)</u>	<u>(362)</u>	<u>29,548</u>

As At 31 August 2018**Assets**

Segment assets	<u>503,956</u>	<u>27,397</u>	<u>59,646</u>	<u>48,301</u>	<u>639,300</u>
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Liabilities

Segment liabilities	89,788	14,021	7,757	3,347	114,913
Borrowings	<u>150,359</u>	<u>20,305</u>	<u>8,964</u>	<u>1,733</u>	<u>181,361</u>
	<u>240,147</u>	<u>34,326</u>	<u>16,721</u>	<u>5,080</u>	<u>296,274</u>

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018****Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)****A9 Segmental Reporting (Contd.)****Year To Date Ended 31 August 2017**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	139,782	32,825	5,474	1,370	179,451
Elimination of inter- segment revenue	-	(26,862)	(188)	(174)	(27,224)
	139,782	5,963	5,286	1,196	152,227
Segment Results	18,384	(976)	(2,289)	34	15,153
Interest income	367	2	13	5	387
Finance costs	(789)	(188)	(280)	(72)	(1,329)
Profit before tax	17,962	(1,162)	(2,556)	(33)	14,211
Tax expense	(4,554)	(272)	223	(77)	(4,680)
Profit for the period	13,408	(1,434)	(2,333)	(110)	9,531

As At 31 August 2017**Assets**

Segment assets	432,152	32,193	63,254	42,057	569,656
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Liabilities

Segment liabilities	83,579	8,956	9,989	3,456	105,980
Borrowings	131,310	22,308	8,061	2,514	164,193
	214,889	31,264	18,050	5,970	270,173

A10 Related Party Disclosures

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

A11 Valuation of Property, Plant & Equipment and Investment Properties

The Group has been adopted the fair value model for its investment properties, but there is no significant and indicative change in value of the investment properties since the last balance sheet date.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A12 Significant Event Subsequent to the Reporting Period

There was no significant event subsequent to the financial period ended 31 August 2018.

A13 Changes in Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 31 August 2018.

A14 Contingent Liabilities and Assets

There were no contingent assets and no material changes in contingent liabilities since 28 February 2018 except for the followings:

	31.08.2018	28.02.2018
	RM'000	RM'000
Guarantees given issued by the Company for banking facilities granted to subsidiaries	196,629	175,660
Guarantees given to suppliers of a subsidiary	<u>216</u>	<u>75</u>
	<u>196,845</u>	<u>175,735</u>

A15 Capital commitments

There were no capital commitments for the financial period ended 31 August 2018.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of Performance

Revenue	Quarter Ended			Year To Date Ended		
	31.08.2018	31.08.2017	Changes	31.08.2018	31.08.2017	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	90,725	88,370	2,355	160,629	139,782	20,847
Property Construction	3,125	2,805	320	6,296	5,963	333
Chalet & Golf Management	2,957	2,703	254	5,761	5,286	475
Others	702	635	67	1,295	1,196	99
Total	97,509	94,513	2,996	173,981	152,227	21,754

Profit / (Loss) before Tax	Quarter Ended			Year To Date Ended		
	31.08.2018	31.08.2017	Changes	31.08.2018	31.08.2017	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	28,004	11,956	16,048	43,945	17,962	25,983
Property Construction	(205)	(823)	618	(331)	(1,162)	831
Chalet & Golf Management	(873)	(1,538)	665	(2,010)	(2,556)	546
Others	(112)	(40)	(72)	(267)	(33)	(234)
Total	26,814	9,555	17,259	41,337	14,211	27,126

Overview: Q2FY2019 vs Q2FY2018

The Group recorded a revenue of RM97.5 million for the current quarter ended 31 August 2018 ("Q2FY2019"), which was RM3.0 million or 3.2% higher than the revenue of preceding year's corresponding quarter ("Q2FY2018"). This was due to an improved revenue recorded by the Property Development Division ("PDD") for the quarter.

The Group's Profit Before Tax ("PBT") for Q2FY2019 increased by RM17.3 million or 180.6% when compared to Q2FY2018. This improved profit was primarily contributed by a significant lift in PDD's PBT, and was assisted by improved performance of Property Construction Division ("PCD") and Chalet & Golf Management Division ("CGMD") during the quarter under review.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)

B1 Review of Performance (Contd.)

Overview: 6MFY2019 vs 6MFY2018

Consistent with the Group's improved performance for the quarter, the Group's revenue for the 6 month period ended 31 August 2018 ("6MFY2019") also improved by RM21.8 million or 14.3% compared to the preceding year same period ("6MFY2018"). This resulted in a higher PBT of RM27.1 million, or a 190.9% increase, compared to the corresponding period of the preceding year. Again, this was mainly due to the better profit performance of PDD and was also further assisted by the improved performance of PCD and CGMD during the first six months period under review.

Property Development Division ("PDD")

The high sales take up rate since FY2017 of more than 90% and continued progress in construction work progress of Novum @ South Bangsar, our first high rise residential project in Kuala Lumpur, was the key contributor to both the improved Revenue and PBT of PDD for Q2FY2019 and 6MFY2019. PDD's improved result for the quarter and first six month period was further enhanced by the revenue and profit recognition for Parc3 @ KL South, Eupe's second high rise residential development project in Kuala Lumpur which was launched in October 2017. Construction works of Parc3 commenced on the project in November 2017 and sales take-up rate currently stands at approximately 50%.

Property Construction Division ("PCD")

PCD recorded higher revenue of RM3.1 million in Q2FY2019 and RM6.3 million for 6MFY2019, generated from the supply of building materials to its sub-contractors. The higher revenue outcome was mainly attributable to higher supply of building materials for the new phases of construction and also due to the 3 months tax free period from June to August 2018. With that, the division's performance improved with a lower Loss Before Tax ("LBT") of RM0.2 million and RM0.3 million for Q2FY2019 and 6MFY2019 respectively.

These results were after the full elimination of inter-company transactions in relation to in-house construction contract works.

Chalet & Golf Management Division ("CGMD")

CGMD's performance continues to show improvement with revenue increased by RM0.3 million in Q2FY2019 and by RM0.5 million for 6MFY2019. This resulted in a lower LBT of RM0.9 million and RM2.0 million for Q2FY2019 and 6MFY2019 respectively, compared to RM1.5 million and RM2.6 million respectively. The Group continues to closely monitor the performance of CGMD.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)****B1 Review of Performance (Contd.)****Others**

The Others Division which represents rental from investment and tenanted properties as well as fruit cultivation recorded comparable results to the corresponding period last financial year.

B2 Material Changes in the Quarterly Results

	Quarter Ended		
	31.08.2018	31.05.2018	Changes
	RM'000	RM'000	RM'000
Revenue	97,509	76,472	21,037
Profit before tax	26,814	14,523	12,291

The revenue for the Group of RM97.5 million for Q2FY2019 was RM21.0 million, or 27.5% higher compared to the immediate preceding quarter, Q1FY2019. This was mainly due to the step-up in progress of construction works of Novum, coupled with the good take up rate and steady construction progress of Parc3 during the current quarter.

The Group's PBT increased from RM14.5 million in Q1FY2019 to RM26.8 million in the current quarter, mainly attributable to the advancement in construction works with Eupe's KL projects, Novum & Parc3 which yield higher profit margins.

B3 Prospects

As per our last report, the pick-up in the economy due to general optimism in the market post the national election in May 2018 has carried through over the last three months. This has translated into a continuing improvement in take-up rates for our properties. However, as expected, the switch from GST to SST (Sales and Services Tax) has resulted in some level of uncertainty in the market and we are still assessing the impact of this change over on our profit margin. On the whole, it is still too early to expect a sustained recovery in the property market, which is characterised by oversupply in some segments.

While the trajectory of the property market remains uncertain, this environment creates opportunities for market participants that offer products around distinctive and affordable design and lifestyle differences. We will continue to focus on what we believe to be our core strength in developing affordable, quality property products with very clear points of architectural, lifestyle innovation.



EUPE CORPORATION BERHAD

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)

B4 Profit Forecast

The Group did not issue any profit forecast or profit guarantee during the current financial period under review.

B5 Taxation

	Quarter Ended		Year To Date Ended	
	31.08.2018	31.08.2017	31.08.2018	31.08.2017
	RM'000	RM'000	RM'000	RM'000
Current year taxation	7,697	3,314	11,797	4,903
Deferred taxation	(8)	(222)	(8)	(223)
	<u>7,689</u>	<u>3,092</u>	<u>11,789</u>	<u>4,680</u>

The Group's effective tax rate was higher than the statutory tax rate in Malaysia mainly due to losses of certain subsidiaries that were not available for full set-off against taxable profit of other subsidiaries and certain expenses which were not deductible for tax purposes.

B6 Profit Before Taxation

The following amounts have been included in arriving at profit before taxation:

	Quarter Ended		Year To Date Ended	
	31.08.2018	31.08.2017	31.08.2018	31.08.2017
	RM'000	RM'000	RM'000	RM'000
Interest income	553	191	795	387
Other income	689	524	1,063	776
Interest expense	(696)	(654)	(1,329)	(1,329)
Depreciation and amortisation	(938)	(839)	(1,871)	(1,693)
Loss on disposal of investment property	(100)	-	(100)	-
Impairment of assets	-	-	(103)	-
	<u>-</u>	<u>-</u>	<u>(103)</u>	<u>-</u>

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)****B7 Status of Corporate Proposal**

There was no corporate proposal announced as at the date of this announcement.

B8 Group Borrowings and Debt Securities

The Group borrowings and debt securities as at 31 August 2018 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Current			
Term loans	17,622	-	17,622
Revolving Credits	38,180	-	38,180
Bank Overdrafts	6,459	-	6,459
Bankers' acceptances	3,824	-	3,824
Hire purchase liabilities	166	15	181
	66,251	15	66,266
Non-current			
Term loans	114,797	-	114,797
Hire purchase liabilities	247	51	298
	115,044	51	115,095
	<u>181,295</u>	<u>66</u>	<u>181,361</u>

B9 Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

B10 Dividend Proposed

The Board of Directors do not recommend any interim dividend for the current financial period.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 AUGUST 2018

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)

B11 Earnings per share

The earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders for the financial quarter and year by the weighted average number of ordinary shares in issue during the financial period.

	Quarter Ended		Year To Date Ended	
	31.08.2018	31.08.2017	31.08.2018	31.08.2017
Basic EPS				
Net profit attributable to equity holders of the Company (RM'000)	<u>8,023</u>	<u>3,862</u>	<u>12,069</u>	<u>4,852</u>
Weighted average number of ordinary shares ('000)	<u>128,000</u>	<u>128,000</u>	<u>128,000</u>	<u>128,000</u>
Basic earnings per share (sen)	<u>6.27</u>	<u>3.02</u>	<u>9.43</u>	<u>3.79</u>

B12 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 24 October 2018.