



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 MAY 2019

**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 MAY 2019**

	Quarter and Year-To-Date Ended	
	31.05.2019 RM'000	31.05.2018 RM'000
Revenue	84,700	76,472
Cost of sales	(58,350)	(53,179)
Gross profit	26,350	23,293
Other operating income	774	616
Marketing and distribution expenses	(1,115)	(2,902)
Administrative expenses	(4,505)	(4,811)
Other operating expenses	(942)	(1,040)
Finance costs	(351)	(633)
Profit before tax	20,211	14,523
Tax expense	(5,311)	(4,100)
Profit for the period	14,900	10,423
Other comprehensive income/(expenses)		
Foreign currency translation differences for foreign operation	6	(63)
Total comprehensive income for the period	14,906	10,360
Profit attributable to:		
Equity holders of the Company	7,410	4,046
Non-controlling interest	7,490	6,377
	14,900	10,423
Total comprehensive income attributable to:		
Equity holders of the Company	7,411	3,987
Non-controlling interest	7,495	6,373
	14,906	10,360
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (Sen)	5.79	3.16

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2019 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 MAY 2019

	AS AT 31.05.2019 RM'000	AS AT 28.02.2019 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	64,957	65,722
Right-of-use assets	901	-
Other investments	7	7
Inventories	186,982	153,038
Investment properties	47,813	48,232
Deferred tax assets	2,160	2,385
	<u>302,820</u>	<u>269,384</u>
Current assets		
Inventories	144,380	150,894
Contract costs	8,596	6,980
Contract assets	131,111	108,917
Trade and other receivables	43,412	41,071
Sinking funds	838	832
Tax recoverable	2,903	2,997
Cash and bank balances	60,966	70,971
	<u>392,206</u>	<u>382,662</u>
TOTAL ASSETS	<u>695,026</u>	<u>652,046</u>



EUPE CORPORATION BERHAD
(Company No.: 377762-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2019 (Contd.)**

	AS AT 31.05.2019 RM'000	AS AT 28.02.2019 RM'000 (AUDITED)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	133,982	133,982
Reserves	193,982	186,571
	<u>327,964</u>	<u>320,553</u>
Non-controlling interest	61,503	54,008
TOTAL EQUITY	<u>389,467</u>	<u>374,561</u>
Non-current liabilities		
Borrowings	125,887	102,666
Lease liabilities	783	-
Deferred tax liabilities	14,386	14,653
	<u>141,056</u>	<u>117,319</u>
Current liabilities		
Contract liabilities	24,773	14,527
Trade and other payables	52,981	60,049
Provisions	9,786	9,878
Borrowings	70,520	69,007
Lease liabilities	124	-
Current tax payables	6,319	6,705
	<u>164,503</u>	<u>160,166</u>
TOTAL LIABILITIES	<u>305,559</u>	<u>277,485</u>
TOTAL EQUITY AND LIABILITIES	<u>695,026</u>	<u>652,046</u>
<i>Number of ordinary shares ('000)</i>	<u>128,000</u>	<u>128,000</u>
Net asset per share attributable to equity holders of the Company (RM)	<u>2.56</u>	<u>2.50</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 2019 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 MAY 2019**

	← Attributable to equity holders of the Company →						Total equity RM'000
	← 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	
At 1 March 2019	133,982	-	(40)	186,611	320,553	54,008	374,561
Profit for the period	-	-	-	7,410	7,410	7,490	14,900
Other comprehensive expenses	-	-	1	-	1	5	6
Total comprehensive income	-	-	1	7,410	7,411	7,495	14,906
At 31 May 2019	<u>133,982</u>	<u>-</u>	<u>(39)</u>	<u>194,021</u>	<u>327,964</u>	<u>61,503</u>	<u>389,467</u>
At 1 March 2018	128,000	5,982	134	156,311	290,427	23,113	313,540
Profit for the period	-	-	-	4,046	4,046	6,377	10,423
Other comprehensive income	-	-	(59)	-	(59)	(4)	(63)
Total comprehensive income	-	-	(59)	4,046	3,987	6,373	10,360
At 31 May 2018	<u>128,000</u>	<u>5,982</u>	<u>75</u>	<u>160,357</u>	<u>294,414</u>	<u>29,486</u>	<u>323,900</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 2019 and the accompanying explanatory notes attached to these Condensed Reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 MAY 2019**

	Year-To-Date Ended	
	31.05.2019	31.05.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	77,953	81,079
Cash payments to suppliers and creditors	(53,523)	(62,801)
Cash payments to employees and for expenses	(18,470)	(9,153)
Cash (used in)/generated from operations	<u>5,960</u>	<u>9,125</u>
Bank overdraft interest paid	(23)	(82)
Rental income received	133	127
Tax refund	94	102
Tax paid	(5,739)	(2,303)
Net cash (used in)/generated from operating activities	<u>425</u>	<u>6,969</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	329	180
Proceed from disposal of property, plant and equipment	140	-
Proceed from sales of investment properties	399	-
Purchase of property, plant and equipment	(151)	(4)
Purchase of leasehold land	(32,763)	-
Net cash (used in)/generated from investing activities	<u>(32,046)</u>	<u>176</u>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 MAY 2019 (Contd.)**

	Year-To-Date Ended	
	31.05.2019 RM'000	31.05.2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	31,697	33,392
Repayment of term loans	(5,460)	(31,839)
Drawdown of revolving credits	4,160	932
Repayment of revolving credits	(5,890)	(4,452)
Net creation/(repayment) of bankers' acceptance and invoice financing	133	(714)
Net creation/(repayment) of hire purchase liabilities	283	(161)
Repayment of lease liabilities	(88)	-
Term loans interest paid	(2,858)	(1,492)
Revolving credit interest paid	(123)	(311)
Bankers' acceptance and invoice financing interest paid	(34)	(28)
Hire purchase interest paid	(8)	(10)
Lease liabilities interest paid	(14)	-
Fixed deposits pledged to licensed bank	88	(26)
Net cash generated from/(used in) financing activities	21,886	(4,709)
Net (decrease)/increase in cash and cash equivalents	(9,735)	2,436
Effect of exchange rate changes	7	(9)
Cash and cash equivalents at beginning of financial year	63,269	34,515
Cash and cash equivalents at end of financial period	53,541	36,942
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	49,934	31,319
Fixed deposits with licensed banks	11,032	13,419
	60,966	44,738
Less: Bank overdraft	(2,489)	(5,036)
Deposits pledged as collateral	(4,936)	(2,760)
	53,541	36,942

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2019 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 MAY 2019
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*, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and requirements of the Companies Act 2016, where applicable.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 28 February 2019. 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 2019.

A2 Accounting Policies

The accounting policies adopted in preparing this Condensed Report are consistent with those used in the audited financial statements for the financial year ended 28 February 2019, 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 2019

- *MFRS 16 Leases;*
- *IC Interpretation 23 Uncertainty over Income Tax Treatments;*
- *Amendments to MFRS 9 Financial Instruments (2014) – Prepayment Features with Negative Compensation;*
- *Amendments to MFRS 128 Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures;*
- *Amendments to MFRS 3 Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle);*
- *Amendments to MFRS 11 Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle);*
- *Amendments to MFRS 112 Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle);*
- *Amendments to MFRS 123 Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle); and*
- *Amendments to MFRS 119 Employee Benefits – Plan Amendment, Curtailment or Settlement.*



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)**

A2 Accounting Policies (Contd.)

The following Standards and amendments to standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group.

Effective for annual periods beginning on or after 1 January 2020

- *Amendments to References to the Conceptual Framework in MFRS Standards;*
- *Amendments to MFRS 3 Business Combination – Definition of a Business;*
- *Amendments to MFRS 101 Presentation of Financial Statements; and*
- *Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.*

Effective date yet to be confirmed

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

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* and MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

The adoption of the above pronouncements does not have any significant impact to the Group except for the following:

MFRS 16 Leases

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group and the Company are required to account for major part of its operating leases in the statement of financial position by recognising the ‘right-of-use’ assets and the lease liability, thus increasing the assets and liabilities of the Group and the Company.

Right-of-use assets comprise tenancy of office premises and warehouse. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at an amount equal to the lease liabilities.

Lease liabilities arising from the tenancy of office premises and warehouse are recognised and discounted using the weighted average incremental borrowing rate of the Group.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019**

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

A2 Accounting Policies (Contd.)

MFRS 16 Leases (Contd.)

Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

IFRIC Agenda Decision

In March 2019, IFRIC published an agenda decision on borrowings costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualification assets. On 20 March 2019, the Malaysian Accounting Standards Board decided an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is assessing the impact on the change in accounting policy pursuant to IFRIC Agenda Decision on borrowing costs incurred on property under construction where control is transferred over time.

A3 Auditors' Report on Preceding Financial Year Financial Statements

The auditors' report on the financial statements for the financial year ended 28 February 2019 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 May 2019.

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 May 2019.

A7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter and year-to-date ended 31 May 2019.

A8 Dividend Paid

No dividends were paid during the financial quarter and year-to-date ended 31 May 2019.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019
Part A: Explanatory Notes Pursuant to FRS 134 (Contd.)

A9 Segmental Reporting

Financial Year-To-Date Ended 31 May 2019

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	79,579	10,506	2,201	1,132	93,418
Elimination of inter- segment revenue	-	(8,231)	-	(487)	(8,718)
	<u>79,579</u>	<u>2,275</u>	<u>2,201</u>	<u>645</u>	<u>84,700</u>
Segment Results	21,286	(73)	(975)	(4)	20,234
Interest income	320	6	1	1	328
Finance costs	(74)	(164)	(98)	(15)	(351)
Profit before tax	<u>21,532</u>	<u>(231)</u>	<u>(1,072)</u>	<u>(18)</u>	<u>20,211</u>
Tax expense	(5,405)	-	157	(63)	(5,311)
Profit for the period	<u>16,127</u>	<u>(231)</u>	<u>(915)</u>	<u>(81)</u>	<u>14,900</u>

As At 31 May 2019

Assets

Segment assets	<u>565,603</u>	<u>25,598</u>	<u>58,331</u>	<u>45,494</u>	<u>695,026</u>
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Liabilities

Segment liabilities	85,700	10,001	9,978	3,473	109,152
Borrowings	170,249	17,918	7,109	1,131	196,407
	<u>255,949</u>	<u>27,919</u>	<u>17,087</u>	<u>4,604</u>	<u>305,559</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A9 Segmental Reporting (Contd.)

Financial Year-To-Date Ended 31 May 2018

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	69,904	12,356	2,804	680	85,744
Elimination of inter- segment revenue	-	(9,185)	-	(87)	(9,272)
	<u>69,904</u>	<u>3,171</u>	<u>2,804</u>	<u>593</u>	<u>76,472</u>
Segment Results	16,100	(73)	(982)	(131)	14,914
Interest income	231	6	5	-	242
Finance costs	(390)	(59)	(160)	(24)	(633)
Profit before tax	<u>15,941</u>	<u>(126)</u>	<u>(1,137)</u>	<u>(155)</u>	<u>14,523</u>
Tax expense	(4,047)	-	-	(53)	(4,100)
Profit for the period	<u>11,894</u>	<u>(126)</u>	<u>(1,137)</u>	<u>(208)</u>	<u>10,423</u>

As At 31 May 2018

Assets

Segment assets	<u>443,262</u>	<u>28,470</u>	<u>59,852</u>	<u>47,472</u>	<u>579,056</u>
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Liabilities

Segment liabilities	70,625	14,741	8,449	3,540	97,355
Borrowings	<u>129,045</u>	<u>18,931</u>	<u>7,897</u>	<u>1,928</u>	<u>157,801</u>
	<u>199,670</u>	<u>33,672</u>	<u>16,346</u>	<u>5,468</u>	<u>255,156</u>

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 financial year ended 28 February 2019.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019
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 year-to-date ended 31 May 2019.

A13 Changes in Composition of the Group

There were changes in the composition of the Group during the financial year-to-date ended 31 May 2019.

A14 Contingent Liabilities and Assets

There were no contingent assets and no material changes in contingent liabilities since the 28 February 2019 except for the followings:

	31.05.2019	28.02.2019
	RM'000	RM'000
Guarantees given issued by the Company for banking facilities granted to subsidiaries	211,577	187,116
Guarantees given to suppliers of a subsidiary	129	261
	<u>211,706</u>	<u>187,377</u>

A15 Capital commitments

There were no capital commitments for the financial year-to-date ended 31 May 2019.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019

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

B1 Review of Performance

Revenue	Quarter and Year-To-Date Ended		
	31.05.2019	31.05.2018	Changes
	RM'000	RM'000	RM'000
Property Development	79,579	69,904	9,675
Property Construction	2,275	3,171	(896)
Chalet & Golf Management	2,201	2,804	(603)
Others	645	593	52
Total	84,700	76,472	8,228

Profit / (Loss) before Tax	Quarter and Year-To-Date Ended		
	31.05.2019	31.05.2018	Changes
	RM'000	RM'000	RM'000
Property Development	21,532	15,941	5,591
Property Construction	(231)	(126)	(105)
Chalet & Golf Management	(1,072)	(1,137)	65
Others	(18)	(155)	137
Total	20,211	14,523	5,688

The Group recorded revenue of RM84.7 million and profit before tax of RM20.2 million for the current quarter compared to the revenue of RM76.5 million and pre-tax profit of RM14.5 million in preceding year's corresponding quarter. This represents an increase in revenue and pre-tax profit by RM8.2 million and RM5.7 million respectively. The overall improvement in the financial performance of the Group was contributed by the Property Development Division as a result of improved demand and sales take-up of the Parc3@KL South project, along with the improved performance of Northern Region's projects.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019**

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

B1 Review of Performance (Contd.)

Property Development Division (“PDD”)

The PDD recorded an increase of RM9.7 million in revenue for the current quarter, of which RM5.7 million, or 59.1%, was contributed by PDD’s KL projects. The increase was mainly due to the improved demand and sales take-up of Parc3@KL South as well as its construction momentum has started to pick up as it has passed the initial stage of construction. For Novum@South Bangsar, it has been 100% sold out, with construction work progress has now reached its final stage, with vacant possession scheduled for the 4th quarter of 2019. The PDD’s result was further enhanced with improved result from the Northern Region’s newly launched affordable housing projects.

In line with its improved revenue, PDD’s pre-tax profit for current quarter was RM5.6 million, or 35.1% higher than the preceding year’s corresponding quarter. Once again, the improved performance of the KL projects was the key contributor to this improved result.

Property Construction Division (“PCD”)

The PCD recorded revenue of RM2.3 million compared to revenue of RM3.2 million in preceding year’s corresponding quarter. This represent a decrease in revenue of RM0.9 million and translated into a RM0.1 million increase in the PCD’s pre-tax loss. The PCD’s financial performance in the current quarter was due to on-going projects at Northern Region reaching their final stage of construction while newly launched projects are at their initial stages.

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

Chalet & Golf Management Division (“CGMD”)

The CGMD recorded revenue of RM2.2 million and pre-tax loss of RM1.1 million for the current quarter compared to revenue of RM2.8 million and a similar pre-tax loss of RM1.1 million for the preceding year’s corresponding quarter. This outcome was mainly due to continuing soft market conditions as well as lower number of guests visiting the CGMD’s resort and water theme park during the Ramadan month.

Others

The Others Division, which represents rental from investment and tenanted properties as well as fruit cultivation, recorded a marginal pre-tax loss for the current quarter, compared to pre-tax loss of RM0.2 million in preceding year’s corresponding quarter. The Division’s financial performance in the current quarter was better mainly due to the favourable revision of rental income and improved sales of bird nest and fruits during the quarter under review.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019

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

B2 Material Changes in the Quarterly Results

	Quarter Ended		
	31.05.2019	28.02.2019	Changes
	RM'000	RM'000	RM'000
Revenue	84,700	91,610	(6,910)
Profit before tax	20,211	29,717	(9,506)

The Group's revenue and pre-tax profit for Q1FY2020 decreased by RM6.9 million and RM9.5 million respectively compared to the immediate preceding quarter. The decrease was mainly due to a number of projects in Northern Region reaching their final stage of construction in the current quarter which contributed lower revenue and profit to the Group. In contrast, the immediate preceding quarter's performance was boosted by the sales of completed properties in Northern Region.

B3 Prospects

Condition in the property sector remain challenging due to subdued demand and ongoing uncertainties in the global market. This means we remain vigilant in relation to our marketing strategies for our current projects. On a positive note, we welcome the Government recent announcement related to reducing lending rates which we expect have flow-on effects to the property sector. Underlying conditions for the property market, and the Malaysian economy remain generally favorable in the medium term, supported by ongoing population and employment growth. In the shorter term, we expect the current period of consolidation in the property market, further influenced by government fiscal policy over the last year as well as ongoing tightening of credit availability, will last another 18 months, with home buyers continuing to adopt cautious approach.

While the current market conditions remain challenging and home buyers are placing a greater premium on affordability, we believe the conditions align with our strategic approach which is heavily focused on affordable, quality property products with clear points of differentiation. The Group continues to conduct various marketing strategies to drive sales such as to reward home buyers with attractive sales packages until 30 September 2019.

With disciplined financial management and a healthy balance sheet as of 31 May 2019, the Group is now focusing on acquiring new land banks in Klang Valley where demand for affordable houses is expected to remain resilient.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019

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 and Year-To-Date Ended	
	31.05.2019	31.05.2018
	RM'000	RM'000
Current year taxation	5,353	3,990
Deferred taxation	(42)	110
	<u>5,311</u>	<u>4,100</u>

The Group's effective tax rate was slightly higher than the statutory tax rate in Malaysia mainly due to 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 and Year-To-Date Ended	
	31.05.2019	31.05.2018
	RM'000	RM'000
Interest income	328	242
Other income	446	374
Interest expense	(351)	(633)
Depreciation and amortisation	(922)	(933)
Impairment of property, plant and equipment	-	(103)
Provision for and write off of receivables	-	(4)
Loss on disposal of investment property	(20)	-
	<u>(20)</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019**

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 May 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Term loans	26,888	-	26,888
Revolving Credits	38,780	-	38,780
Bank Overdrafts	2,489	-	2,489
Bankers' acceptances	902	-	902
Invoice financing	1,301	-	1,301
Hire purchase liabilities	129	31	160
	70,489	31	70,520
Non-current			
Term loans	125,466	-	125,466
Hire purchase liabilities	421	-	421
	125,887	-	125,887
	196,376	31	196,407

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2019

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 and Year-To-Date Ended	
	31.05.2019	31.05.2018
Basic EPS		
Net profit attributable to equity holders of the Company (RM'000)	<u>7,410</u>	<u>4,046</u>
Weighted average number of ordinary shares ('000)	<u>128,000</u>	<u>128,000</u>
Basic earnings per share (sen)	<u>5.79</u>	<u>3.16</u>

B12 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 25 July 2019.