



**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 2019**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2019**

	Quarter Ended		Year-To-Date Ended	
	31.08.2019	31.08.2018	31.08.2019	31.08.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	79,196	97,509	163,896	173,981
Cost of sales	(51,419)	(59,804)	(109,769)	(112,983)
Gross profit	27,777	37,705	54,127	60,998
Other operating income	646	1,242	1,420	1,858
Marketing and distribution expenses	(1,177)	(4,604)	(2,292)	(7,506)
Administrative expenses	(4,916)	(5,795)	(9,421)	(10,606)
Other operating expenses	(785)	(1,038)	(1,727)	(2,078)
Finance costs	(340)	(696)	(691)	(1,329)
<b>Profit before tax</b>	<b>21,205</b>	<b>26,814</b>	<b>41,416</b>	<b>41,337</b>
Tax expense	(5,306)	(7,689)	(10,617)	(11,789)
<b>Profit for the period</b>	<b>15,899</b>	<b>19,125</b>	<b>30,799</b>	<b>29,548</b>
<b>Other comprehensive (expenses)/income</b>				
Foreign currency translation differences for foreign operation	(84)	1	(78)	(62)
Total comprehensive income for the period	15,815	19,126	30,721	29,486
<b>Profit attributable to:</b>				
Equity holders of the Company	10,334	8,023	17,744	12,069
Non-controlling interest	5,565	11,102	13,055	17,479
	15,899	19,125	30,799	29,548
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	10,252	8,022	17,663	12,009
Non-controlling interest	5,563	11,104	13,058	17,477
	15,815	19,126	30,721	29,486
<b>Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (Sen)</b>				
	8.07	6.27	13.86	9.43

*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 FINANCIAL POSITION**  
**AS AT 31 AUGUST 2019**

	AS AT 31.08.2019 RM'000	AS AT 28.02.2019 RM'000 (AUDITED)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	64,820	65,722
Right-Of-Use assets	806	-
Other investments	7	7
Inventories	187,974	153,038
Investment properties	47,798	48,232
Deferred tax assets	2,160	2,385
	<u>303,565</u>	<u>269,384</u>
<b>Current assets</b>		
Inventories	126,380	150,894
Contract costs	7,313	6,980
Contract assets	170,252	108,917
Trade and other receivables	45,571	41,071
Sinking funds	838	832
Tax recoverable	2,925	2,997
Cash and bank balances	46,306	70,971
	<u>399,585</u>	<u>382,662</u>
<b>TOTAL ASSETS</b>	<u>703,150</u>	<u>652,046</u>



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

	AS AT 31.08.2019 RM'000	AS AT 28.02.2019 RM'000 (AUDITED)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	133,982	133,982
Reserves	204,234	186,571
	<u>338,216</u>	<u>320,553</u>
Non-controlling interest	67,066	54,008
<b>TOTAL EQUITY</b>	<u>405,282</u>	<u>374,561</u>
<b>Non-current liabilities</b>		
Borrowings	125,171	102,666
Lease liabilities	446	-
Deferred tax liabilities	14,325	14,653
	<u>139,942</u>	<u>117,319</u>
<b>Current liabilities</b>		
Contract liabilities	22,021	14,527
Trade and other payables	52,374	60,049
Provisions	9,885	9,878
Borrowings	65,246	69,007
Lease liabilities	372	-
Current tax payables	8,028	6,705
	<u>157,926</u>	<u>160,166</u>
<b>TOTAL LIABILITIES</b>	<u>297,868</u>	<u>277,485</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>703,150</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>2.64</u>	<u>2.50</u>

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**EUPE CORPORATION BERHAD**

(Company No.: 377762-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2019**

	← Attributable to equity holders of the Company →						Non - controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Distributable		
<b>At 1 March 2019</b>	133,982	-	(40)	186,611	320,553		54,008	374,561
Profit for the period	-	-	-	17,744	17,744		13,055	30,799
Other comprehensive (expenses)/income	-	-	(81)	-	(81)		3	(78)
Total comprehensive (expenses)/income	-	-	(81)	17,744	17,663		13,058	30,721
<b>At 31 August 2019</b>	<u>133,982</u>	<u>-</u>	<u>(121)</u>	<u>204,355</u>	<u>338,216</u>		<u>67,066</u>	<u>405,282</u>
<b>At 1 March 2018</b>	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 (expenses)/income	-	-	(60)	12,069	12,009		17,477	29,486
<b>At 31 August 2018</b>	<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>

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 AUGUST 2019**

	Year-To-Date Ended	
	31.08.2019	31.08.2018
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	111,311	163,419
Cash payments to suppliers and creditors	(116,760)	(97,728)
Cash payments to employees and for expenses	(24,058)	(44,941)
Cash (used in)/generated from operations	(29,507)	20,750
Bank overdraft interest paid	(109)	(188)
Rental income received	263	294
Tax refund	73	102
Tax paid	(9,396)	(3,738)
Net cash (used in)/generated from operating activities	(38,676)	17,220
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	631	795
Proceed from disposal of property, plant and equipment	121	-
Proceed from disposal of investment properties	414	470
Purchase of property, plant and equipment	(701)	(37)
Purchase of right of use asstes	(995)	-
Purchase of leasehold land	-	-
Net cash (used in)/generated from investing activities	(530)	1,228



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

	Year-To-Date Ended	
	31.08.2019	31.08.2018
	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	39,483	47,745
Repayment of term loans	(16,486)	(25,672)
Drawdown of revolving credits	10,965	-
Repayment of revolving credits	(14,880)	(3,140)
Net creation of bankers' acceptance	54	301
Net (repayment)/creation of invoice financing	(582)	344
Net creation/(repayment) of hire purchase liabilities	227	(281)
Net creation of lease liabilities	817	-
Term loans interest paid	(4,649)	(3,152)
Revolving credit interest paid	(194)	(667)
Bankers' acceptance interest paid	(22)	(34)
Invoice financing interest paid	(34)	(47)
Hire purchase interest paid	(16)	(19)
Lease liabilities interest paid	(26)	-
Fixed deposits pledged to licensed bank	(74)	(2,130)
Net cash generated from financing activities	14,583	13,248
Net (decrease)/increase in cash and cash equivalents	(24,623)	31,696
Effect of exchange rate changes	(78)	(87)
Cash and cash equivalents at beginning of financial year	63,269	34,515
Cash and cash equivalents at end of financial period	38,568	66,124
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	40,251	52,092
Fixed deposits with licensed banks	6,055	25,355
	46,306	77,447
Less: Bank overdraft	(2,640)	(6,459)
Deposits pledged as collateral	(5,098)	(4,864)
	38,568	66,124

*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 AUGUST 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 AUGUST 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 AUGUST 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 August 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 August 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 August 2019.

**A8 Dividend Paid**

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



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

**A9 Segmental Reporting**

**Financial Year-To-Date Ended 31 August 2019**

	<b>Property Development RM'000</b>	<b>Property Construction RM'000</b>	<b>Chalet &amp; Golf Management RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	152,783	19,945	4,594	1,877	179,199
Elimination of inter- segment revenue	-	(14,692)	-	(611)	(15,303)
	<u>152,783</u>	<u>5,253</u>	<u>4,594</u>	<u>1,266</u>	<u>163,896</u>
Segment Results	43,364	(233)	(1,403)	(251)	41,477
Interest income	609	14	5	2	630
Finance costs	(139)	(263)	(259)	(30)	(691)
Profit before tax	<u>43,834</u>	<u>(482)</u>	<u>(1,657)</u>	<u>(279)</u>	<u>41,416</u>
Tax expense	(10,604)	(58)	157	(112)	(10,617)
Profit for the period	<u>33,230</u>	<u>(540)</u>	<u>(1,500)</u>	<u>(391)</u>	<u>30,799</u>

**As At 31 August 2019**

**Assets**

Segment assets	<u>575,217</u>	<u>24,621</u>	<u>57,752</u>	<u>45,560</u>	<u>703,150</u>
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**Liabilities**

Segment liabilities	83,999	10,060	10,050	3,342	107,451
Borrowings	<u>167,169</u>	<u>15,040</u>	<u>7,283</u>	<u>925</u>	<u>190,417</u>
	<u>251,168</u>	<u>25,100</u>	<u>17,333</u>	<u>4,267</u>	<u>297,868</u>



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

**A9 Segmental Reporting (Contd.)**

**Financial Year-To-Date Ended 31 August 2018**

	<b>Property Development RM'000</b>	<b>Property Construction RM'000</b>	<b>Chalet &amp; Golf Management RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
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	150,359	20,305	8,964	1,733	181,361
	<u>240,147</u>	<u>34,326</u>	<u>16,721</u>	<u>5,080</u>	<u>296,274</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 adopted the fair value model for its investment properties, but there is no significant or indicative in change in the fair 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 AUGUST 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 28 February 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 August 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:

	<b>31.08.2019</b>	<b>28.02.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Guarantees given issued by the Company for banking facilities granted to subsidiaries	206,276	187,116
Guarantees given to suppliers of a subsidiary	<u>92</u>	<u>261</u>
	<u>206,368</u>	<u>187,377</u>

**A15 Capital commitments**

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



**NOTES TO THE FINANCIAL STATEMENTS**

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

**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		
	31.08.2019	31.08.2018	Changes	31.08.2019	31.08.2018	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	73,204	90,725	(17,521)	152,783	160,629	(7,846)
Property Construction	2,978	3,125	(147)	5,253	6,296	(1,043)
Chalet & Golf Management	2,393	2,957	(564)	4,594	5,761	(1,167)
Others	621	702	(81)	1,266	1,295	(29)
Total	79,196	97,509	(18,313)	163,896	173,981	(10,085)

Pre-tax Profit/(Loss)	Quarter Ended			Year-To-Date Ended		
	31.08.2019	31.08.2018	Changes	31.08.2019	31.08.2018	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	22,302	28,004	(5,702)	43,834	43,945	(111)
Property Construction	(251)	(205)	(46)	(482)	(331)	(151)
Chalet & Golf Management	(585)	(873)	288	(1,657)	(2,010)	353
Others	(261)	(112)	(149)	(279)	(267)	(12)
Total	21,205	26,814	(5,609)	41,416	41,337	79

**Overview: Q2FY2020 vs Q2FY2019**

The Group had registered a revenue of RM79.2 million and pre-tax profit of RM21.2 million in the current quarter ended 31 August 2019 ("Q2FY2020"), which was lower by RM18.3 million and RM5.6 million as compared to the revenue of RM97.5 million and pre-tax profit of RM26.8 million in the preceding year's corresponding quarter ("Q2FY2019").

The lower construction activities at Novum@South Bangsar ("Novum") in view that it has reached its final stage of development and is also expecting to be handed-over soon was the main reason for the decrease in both revenue and pre-tax profit. However, the impact was moderated by the increase in the demand and sales take-up rate and good momentum in the construction progress of Parc3@KL South ("Parc3"), our second high-rise development project in Klang Valley region.



**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**B1 Review of Performance (Contd.)**

**Overview: 6MFY2020 vs 6MFY2019**

For the six-month period ended 31 August 2019 (“6MFY2020”), the Group posted a revenue of RM163.9 million, which was RM10.1 million lower as compared to the revenue of RM174.0 million in the previous year corresponding period (“6MFY2019”), as a result of Novum has reached its final stage of development.

The impact from Novum was then mitigated by the rising of Parc3 with high sales take up rate and continuous construction progress, and further enhanced by the improved result from development projects in Northern Region.

With that, the Group recorded a pre-tax profit of RM41.4 million for 6MFY2020, which was comparable to the pre-tax profit for 6MFY2019 of RM41.3 million.

The contribution from each operating business division is set out as follows :-

**Property Development Division (“PDD”)**

As mentioned above, Novum has now reached its final stage of development where the construction activities been slowing down. This has resulted to a lower revenue and profit recognition in the current quarter as compared to preceding year corresponding period.

The impact from the slowdown in construction activities for Novum has then been moderated with the improved result of Parc3 with sale take up rate exceeded 85%, with its continuous construction progress. The PDD’s result was then further sustained by the better result achieved by the Northern Region’s projects.

Hence, the PDD’s revenue for Q2FY2020 and 6MFY2020 decreased by RM17.5 million and RM7.8 million respectively, compared to preceding year corresponding period.

In line with the decrease in PDD’s revenue, the PDD’s pre-tax profit for Q2FY2020 and 6MFY2020 was lower by RM5.7 million, or 20.4% and RM0.1 million or 0.3% respectively, compared to the preceding year corresponding period.

**Property Construction Division (“PCD”)**

The revenue for PCD of RM3.0 million in Q2FY2020 was consistent with the revenue of RM3.1 million in Q2FY2019.

However, for 6MFY2020, the PCD’s revenue was RM1.0 million lower than 6MFY2019. This was mainly due to the completion of projects during the beginning of the financial year while the newly commenced projects were at their initial stages with low percentage of construction activities.

The pre-tax loss for both Q2FY2020 and 6MFY2020 was close to the preceding year corresponding quarter and period.

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



**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**B1 Review of Performance (Contd.)**

**Chalet & Golf Management Division (“CGMD”)**

The CGMD’s revenue decreased by RM 0.6 million or 19.1% for Q2FY2020 and RM 1.2 million or 20.3% for 6MFY2020 as compared to the preceding year corresponding quarter and period respectively. The decrease in revenue was mainly due to the soft economy which has affected the hospitality industry nationwide, coupled with the increasing competition from homestays service providers in the same area.

However, the pre-tax loss of CGMD for Q2FY2020 and 6MFY2020 reduced to RM0.6 million and RM 1.7 million, from RM0.9 million and RM2.0 million, respectively. The improvement was the result of continuous effort of the Management to rationalise the operating expenses.

**Others**

The Others Division represents rental from investment and tenanted properties as well as fruit cultivation. The Division reported a revenue of RM0.6 million and pre-tax loss of RM0.3 million in Q2FY2020 and revenue of RM1.3 million and pre-tax loss of RM0.3 million for 6MFY2020, which was comparable with the preceding year corresponding period.

**B2 Material Changes in the Quarterly Results**

	Quarter Ended		
	31.08.2019	31.05.2019	Changes
	RM'000	RM'000	RM'000
Revenue	79,196	84,700	(5,504)
Profit before tax	21,205	20,211	994

For the current quarter under review, the Group reported a revenue of RM79.2 million, which represent RM5.5 million or 6.5% decrease in revenue over the results achieved in the immediate preceding quarter. The decrease in the revenue was mainly due to lower construction activities for Novum as it is towards completion. The impact from lower contribution was then mitigated by the gathered momentum of Parc3 in its sales take up rate as well as its scheduled construction progress. Hence, the pre-tax profit for Q2FY2020 was approximately in the same range of pre-tax profit of Q1FY2020.





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

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

**B3 Prospects**

The outlook of the Malaysian economy remains challenging due to subdued demand and ongoing uncertainties in the global market. New budgetary policies have been announced by the government recently and hopefully, it will improve the overall market over the next few months.

While the extended National Home Ownership Campaign stirs interest amongst home buyers and providing an opportunity for developers to clear existing stock in a medium term, home buyers continuous to be cautious. Affordability remains a key consideration. We maintain our strategic approach, which is to heavily focused on affordability but emphasising on quality products with clear points of product differentiations. We will continue to watch out for an imbalance between supply and demand of the property market.

The Group remains vigilant in relation to our marketing strategies and continue to focus in acquiring new land banks.

**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	
	31.08.2019	31.08.2018	31.08.2019	31.08.2018
	RM'000	RM'000	RM'000	RM'000
Current year taxation	5,367	7,697	10,720	11,797
Deferred taxation	(61)	(8)	(103)	(8)
	<u>5,306</u>	<u>7,689</u>	<u>10,617</u>	<u>11,789</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.



**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**B6 Profit Before Taxation**

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

	Quarter Ended		Year-To-Date Ended	
	31.08.2019	31.08.2018	31.08.2019	31.08.2018
	RM'000	RM'000	RM'000	RM'000
Interest income	302	553	630	795
Other income	344	689	790	1,063
Interest expense	(340)	(696)	(691)	(1,329)
Depreciation and amortisation	(780)	(938)	(1,702)	(1,871)
Impairment of assets	-	-	-	(103)
Loss on disposal of property, plant and equipment	(3)	-	(3)	-
Loss on disposal of investment property	-	(100)	(20)	(100)
Foreign exchange loss	(2)	-	(2)	-
	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>

**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 2019 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
<b>Current</b>			
Term loans	24,366	-	24,366
Revolving Credits	36,595	-	36,595
Bank Overdrafts	2,640	-	2,640
Bankers' acceptances	982	-	982
Invoice financing	560	-	560
Hire purchase liabilities	86	17	103
	65,229	17	65,246
<b>Non-current</b>			
Term loans	124,750	-	124,750
Hire purchase liabilities	421	-	421
	125,171	-	125,171
	<u>190,400</u>	<u>17</u>	<u>190,417</u>



**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**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.

**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.

	<b>Quarter Ended</b>		<b>Year-To-Date Ended</b>	
	<b>31.08.2019</b>	<b>31.08.2018</b>	<b>31.08.2019</b>	<b>31.08.2018</b>
<b>Basic EPS</b>				
Net profit attributable to equity holders of the Company (RM'000)	<u>10,334</u>	<u>8,023</u>	<u>17,744</u>	<u>12,069</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>8.07</u>	<u>6.27</u>	<u>13.86</u>	<u>9.43</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 2019.