



**Building Lifestyles, Building Trust**

**EUPE CORPORATION BERHAD**  
(Company No.: 199601005416 (377762-V))  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2019**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2019**

	Quarter Ended		Year-To-Date Ended	
	30.11.2019 RM'000	30.11.2018 RM'000	30.11.2019 RM'000	30.11.2018 RM'000
Revenue	56,630	94,348	220,526	268,329
Cost of sales	(36,963)	(65,128)	(146,732)	(178,111)
Gross profit	19,667	29,220	73,794	90,218
Other operating income	622	992	2,042	2,850
Marketing and distribution expenses	(1,450)	(10,233)	(3,742)	(17,739)
Administrative expenses	(4,156)	(4,416)	(13,577)	(15,022)
Other operating expenses	(839)	(799)	(2,566)	(2,877)
Finance costs	(304)	(588)	(995)	(1,917)
<b>Profit before tax</b>	<b>13,540</b>	<b>14,176</b>	<b>54,956</b>	<b>55,513</b>
Tax expense	(3,370)	(3,934)	(13,987)	(15,723)
<b>Profit for the period</b>	<b>10,170</b>	<b>10,242</b>	<b>40,969</b>	<b>39,790</b>
<b>Other comprehensive (expenses) /income</b>				
Foreign currency translation differences for foreign operation	(4)	91	(82)	29
<b>Total comprehensive income for the period</b>	<b>10,166</b>	<b>10,333</b>	<b>40,887</b>	<b>39,819</b>
<b>Profit attributable to:</b>				
Equity holders of the Company	6,596	4,431	24,340	16,500
Non-controlling interest	3,574	5,811	16,629	23,290
	10,170	10,242	40,969	39,790
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	6,592	4,513	24,255	16,522
Non-controlling interest	3,574	5,820	16,632	23,297
	10,166	10,333	40,887	39,819
<b>Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (Sen)</b>				
	5.15	3.46	19.02	12.89

*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.: 199601005416 (377762-V))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2019**

	<b>AS AT 30.11.2019 RM'000</b>	<b>AS AT 28.02.2019 RM'000 (AUDITED)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	64,435	65,722
Right-of-use assets	711	-
Other investments	7	7
Inventories	190,843	153,038
Investment properties	45,751	48,232
Deferred tax assets	2,160	2,385
	<u>303,907</u>	<u>269,384</u>
<b>Current assets</b>		
Inventories	122,314	150,894
Contract costs	6,926	6,980
Contract assets	195,921	108,917
Trade and other receivables	49,136	41,071
Sinking funds	850	832
Tax recoverable	1,882	2,997
Cash and bank balances	37,600	70,971
	<u>414,629</u>	<u>382,662</u>
<b>TOTAL ASSETS</b>	<u>718,536</u>	<u>652,046</u>



**EUPE CORPORATION BERHAD**  
(Company No.: 199601005416 (377762-V))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2019 (Contd.)**

	<b>AS AT 30.11.2019 RM'000</b>	<b>AS AT 28.02.2019 RM'000 (AUDITED)</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	133,982	133,982
Reserves	210,826	186,571
	<u>344,808</u>	<u>320,553</u>
Non-controlling interest	70,640	54,008
<b>TOTAL EQUITY</b>	<u>415,448</u>	<u>374,561</u>
<b>Non-current liabilities</b>		
Borrowings	114,185	102,666
Lease liabilities	349	-
Deferred tax liabilities	14,239	14,653
	<u>128,773</u>	<u>117,319</u>
<b>Current liabilities</b>		
Contract liabilities	22,654	14,527
Trade and other payables	65,444	60,049
Provisions	10,264	9,878
Borrowings	69,722	69,007
Lease liabilities	377	-
Current tax payables	5,854	6,705
	<u>174,315</u>	<u>160,166</u>
<b>TOTAL LIABILITIES</b>	<u>303,088</u>	<u>277,485</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>718,536</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>2.69</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.: 199601005416 (377762-V))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR-TO-DATE ENDED 30 NOVEMBER 2019**

	← Attributable to equity holders of the Company →				Total RM'000	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			
<b>At 1 March 2019</b>	133,982	-	(40)	186,611	320,553	54,008	374,561
Profit for the period	-	-	-	24,340	24,340	16,629	40,969
Other comprehensive (expenses)/income	-	-	(85)	-	(85)	3	(82)
Total comprehensive (expenses)/income	-	-	(85)	24,340	24,255	16,632	40,887
<b>At 30 November 2019</b>	<u>133,982</u>	<u>-</u>	<u>(125)</u>	<u>210,951</u>	<u>344,808</u>	<u>70,640</u>	<u>415,448</u>
<b>At 1 March 2018</b>	128,000	5,982	134	156,311	290,427	23,113	313,540
Profit for the period	-	-	-	16,500	16,500	23,290	39,790
Other comprehensive income	-	-	22	-	22	7	29
Total comprehensive income	-	-	22	16,500	16,522	23,297	39,819
<b>At 30 November 2018</b>	<u>128,000</u>	<u>5,982</u>	<u>156</u>	<u>172,811</u>	<u>306,949</u>	<u>46,410</u>	<u>353,359</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 30 NOVEMBER 2019**

	Year-To-Date Ended	
	30.11.2019 RM'000	30.11.2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	141,563	248,977
Cash payments to suppliers and creditors	(145,072)	(163,838)
Cash payments to employees and for expenses	(23,819)	(52,963)
Cash (used in)/generated from operations	(27,328)	32,176
Bank overdraft interest paid	(165)	(265)
Rental income received	386	437
Tax refund	1,115	106
Tax paid	(15,026)	(7,508)
Net cash (used in)/generated from operating activities	(41,018)	24,946
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	859	1,351
Proceed from disposal of property, plant and equipment	257	71
Proceed from disposal of investment properties	2,463	370
Purchase of property, plant and equipment	(1,161)	(40)
Purchase of right-of-use asstes	(996)	-
Purchase of leasehold land	-	-
Net cash generated from investing activities	1,422	1,752



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR-TO-DATE ENDED 30 NOVEMBER 2019 (Contd.)**

	Year-To-Date Ended	
	30.11.2019 RM'000	30.11.2018 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	51,098	47,745
Repayment of term loans	(38,343)	(37,294)
Drawdown of revolving credits	14,485	-
Repayment of revolving credits	(14,125)	(1,090)
Net (repayment)/creation of bankers' acceptance	(113)	301
Net (repayment)/creation of invoice financing	(1,142)	322
Net creation/(repayment) of hire purchase liabilities	411	(397)
Net creation of lease liabilities	726	-
Term loans interest paid	(6,242)	(540)
Revolving credit interest paid	(281)	(945)
Bankers' acceptance interest paid	(41)	(48)
Invoice financing interest paid	(29)	(88)
Hire purchase interest paid	(23)	(31)
Lease liabilities interest paid	(37)	-
Fixed deposits pledged to licensed bank	(266)	(2,130)
 Net cash generated from financing activities	 6,078	 5,805
 Net (decrease)/increase in cash and cash equivalents	 (33,518)	 32,503
 Effect of exchange rate changes	 (82)	 8
Cash and cash equivalents at beginning of financial year	63,269	34,515
Cash and cash equivalents at end of financial period	29,669	67,026
 Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	31,484	58,307
Fixed deposits with licensed banks	6,116	17,647
	37,600	75,954
Less: Bank overdraft	(2,641)	(4,064)
Deposits pledged as collateral	(5,290)	(4,864)
	29,669	67,026

*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 30 NOVEMBER 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 30 NOVEMBER 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 of the Group 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 of the Group 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 30 NOVEMBER 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 30 November 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 30 November 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 30 November 2019.

**A8 Dividend Paid**

No dividends were paid during the financial quarter and year-to-date ended 30 November 2019.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2019**  
**Part A: Explanatory Notes Pursuant to FRS 134 (Contd.)**

**A9 Segmental Reporting**

**Financial Year-To-Date Ended 30 November 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	204,196	30,545	7,313	3,621	245,675
Elimination of inter- segment revenue	-	(23,414)	-	(1,735)	(25,149)
	<u>204,196</u>	<u>7,131</u>	<u>7,313</u>	<u>1,886</u>	<u>220,526</u>
Segment Results	57,220	77	(1,775)	(430)	55,092
Interest income	811	20	24	4	859
Finance costs	(198)	(342)	(386)	(69)	(995)
Profit before tax	<u>57,833</u>	<u>(245)</u>	<u>(2,137)</u>	<u>(495)</u>	<u>54,956</u>
Tax expense	(14,012)	-	157	(132)	(13,987)
Profit for the period	<u>43,821</u>	<u>(245)</u>	<u>(1,980)</u>	<u>(627)</u>	<u>40,969</u>

**As At 30 November 2019**

**Assets**

Segment assets	<u>593,698</u>	<u>22,382</u>	<u>57,450</u>	<u>45,006</u>	<u>718,536</u>
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**Liabilities**

Segment liabilities	95,756	10,254	9,897	3,274	119,181
Borrowings	157,491	18,555	7,259	602	183,907
	<u>253,247</u>	<u>28,809</u>	<u>17,156</u>	<u>3,876</u>	<u>303,088</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2019**  
**Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)**

**A9 Segmental Reporting (Contd.)**

**Financial Year-To-Date Ended 30 November 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	249,367	36,147	8,471	2,506	296,491
Elimination of inter- segment revenue	-	(27,651)	-	(511)	(28,162)
	<u>249,367</u>	<u>8,496</u>	<u>8,471</u>	<u>1,995</u>	<u>268,329</u>
Segment Results	59,025	(267)	(2,459)	(220)	56,079
Interest income	1,239	8	20	84	1,351
Finance costs	(1,170)	(266)	(413)	(68)	(1,917)
Profit before tax	<u>59,094</u>	<u>(525)</u>	<u>(2,852)</u>	<u>(204)</u>	<u>55,513</u>
Tax expense	(15,541)	-	-	(182)	(15,723)
Profit for the period	<u>43,553</u>	<u>(525)</u>	<u>(2,852)</u>	<u>(386)</u>	<u>39,790</u>

**As At 30 November 2018**

**Assets**

Segment assets	<u>509,534</u>	<u>25,635</u>	<u>58,973</u>	<u>51,343</u>	<u>645,485</u>
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**Liabilities**

Segment liabilities	97,472	12,447	9,368	3,583	122,870
Borrowings	<u>138,215</u>	<u>22,094</u>	<u>7,412</u>	<u>1,535</u>	<u>169,256</u>
	<u>235,687</u>	<u>34,541</u>	<u>16,780</u>	<u>5,118</u>	<u>292,126</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 30 NOVEMBER 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 30 November 2019.

**A13 Changes in Composition of the Group**

There were changes in the composition of the Group during the financial year-to-date ended 30 November 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>30.11.2019</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	200,224	187,116
Guarantees given to suppliers of a subsidiary	<u>92</u>	<u>261</u>
	<u>200,316</u>	<u>187,377</u>

**A15 Capital commitments**

There were no capital commitments for the financial year-to-date ended 30 November 2019.



**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 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		
	30.11.2019	30.11.2018	Changes	30.11.2019	30.11.2018	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	51,413	88,738	(37,325)	204,196	249,367	(45,171)
Property Construction	1,878	2,200	(322)	7,131	8,496	(1,365)
Chalet & Golf Management	2,719	2,710	9	7,313	8,471	(1,158)
Others	620	700	(80)	1,886	1,995	(109)
<b>Total</b>	<b>56,630</b>	<b>94,348</b>	<b>(37,718)</b>	<b>220,526</b>	<b>268,329</b>	<b>(47,803)</b>

Pre-tax Profit/(Loss)	Quarter Ended			Year-To-Date Ended		
	30.11.2019	30.11.2018	Changes	30.11.2019	30.11.2018	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	13,999	15,149	(1,150)	57,833	59,094	(1,261)
Property Construction	237	(194)	431	(245)	(525)	280
Chalet & Golf Management	(480)	(842)	362	(2,137)	(2,852)	715
Others	(216)	63	(279)	(495)	(204)	(291)
<b>Total</b>	<b>13,540</b>	<b>14,176</b>	<b>(636)</b>	<b>54,956</b>	<b>55,513</b>	<b>(557)</b>

**Overview: Q3FY2020 vs Q3FY2019**

The Group recorded revenue of RM56.6 million in the current quarter ended 30 November 2019 (“Q3FY2020”) which was RM37.7 million lower compared to the revenue in the preceding year’s corresponding quarter (“Q3FY2019”). Nevertheless, the pre-tax profit of RM13.5 million for Q3FY2020 was comparable to Q3FY2019.

The decrease reflected the fact that revenue for the Group, which is increasingly focused within its KL property development arm, is in a short-term transition stage as its first KL project, Novum@South Bangsar project (“Novum”) is nearing completion and in the process of obtaining Certificate of Completion and Compliance (“CCC”) approvals before handover to buyers, thus much lower revenue has been recorded. To offset this decrease, revenue from the Group’s second KL project, Parc3@Cheras (“Parc3”), will take precedence in the coming 12 months as the pace of construction and sales take-up rate for that project gather momentum.



**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2019**

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

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

**Overview: 9MFY2020 vs 9MFY2019**

The Group's revenue for nine-month period ended 30 November 2019 ("9MFY2020") of RM220.5 million was lower by RM47.8 million compared to previous year corresponding period, again reflecting the decreased revenue contribution from Novum as it nears construction completion, partially offset by increased revenue resulting from ongoing construction progress of Parc3@KL South ("Parc3").

Despite the drop in revenue for the period, the Group's overall profit result for 9MFY2020 was comparable to the same period last year ("9MFY2019"), due to better profit margin of Parc3 as well as internal cost efficiencies, particularly reductions in marketing and administration costs.

The contribution from each operating business division is as follows:

**Property Development Division ("PDD")**

With the Parc3 sales take-up rate exceeding 90% and the continued increase in the progress of construction works for the project, Parc3 revenue contribution to the Group has progressively increased, resulting in revenue from the project for Q3FY2020 and 9MFY2020 increased by RM20.3 million and RM46.3 million respectively, compared to the preceding year corresponding quarter and period. As stated, the improved result from Parc3 has partially offset the lower revenue contribution from Novum.

The PDD's pre-tax profit for both Q3FY2020 and 9MFY2020 were comparable to the preceding year corresponding quarter and period respectively.

**Property Construction Division ("PCD")**

The PCD's revenue for Q3FY2020 decreased slightly by RM0.3 million, to RM1.9 million.

For 9MFY2020, the PCD's revenue was RM1.4 million lower than 9MFY2019, mainly due to the completion of projects in Kedah during the beginning of the financial year under review only partially offset by newly commenced projects at their initial stages of construction. The pre-tax results for both Q3FY2020 and 9MFY2020 was comparable 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 30 NOVEMBER 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 of RM2.7 million for Q3FY2020 was comparable to Q3FY2019. However, the revenue decreased by RM1.2 million for 9MFY2020, compared to the preceding year’s corresponding period. The decrease in revenue was primarily due to the continuation of soft market conditions in the hospitality industry, coupled with increasing competition from homestays service providers in the vicinity of the Cinta Sayang Resort in Sungai Petani.

CGMD’s pre-tax loss for Q3FY2020 and 9MFY2020 was reduced to RM0.5 million and RM2.1 million, from RM0.8 million and RM2.9 million, respectively. This relative improvement was the result of continuing efforts to rationalise operating expenses.

**Others**

The Others Division represents rental from investment properties as well as fruit cultivation. The Division reported revenue of RM0.6 million and a pre-tax loss of RM0.2 million in Q3FY2020, contributing to revenue of RM1.9 million and pre-tax loss of RM0.5 million for 9MFY2020. These results were comparable with the preceding year corresponding period’s results.

**B2 Material Changes in the Quarterly Results**

	Quarter Ended		
	30.11.2019	31.08.2019	Changes
	RM'000	RM'000	RM'000
Revenue	56,630	79,196	(22,566)
Pre-tax profit	13,540	21,205	(7,665)

For Q3FY2020, the Group’s revenue decreased by RM22.6 million or 28.5% compared to Q2FY2020. The decrease was due to Novum reaching its completion stage.

Likewise, the Group’s pre-tax profit decreased by RM7.7 million or 36.1% compared to Q2FY2020, due to the lower contribution from Novum as mentioned above.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2019**

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

**B3 Prospects**

Malaysia's business and consumer environment remains somewhat soft, with sluggish domestic and export demand. This continues to have flow-on effects on the property market which – combined with housing affordability pressures – faces ongoing challenges. This is despite recent welcome measures announced by the national government in the Budget to stimulate property demand. Our expectation is that sluggish demand for residential property will continue for the foreseeable future particularly given the uncertainties for Malaysia's economy, contributed to by ongoing headwinds in global markets, particularly around trade concerns between China and the US. The overall economic climate makes it more imperative for the Group to remain focused on its strategic approach of combining differentiation with affordability in its residential property offering.

**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	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM'000	RM'000	RM'000	RM'000
Current year taxation	3,456	3,942	14,176	15,731
Deferred taxation	(86)	(8)	(189)	(8)
	<u>3,370</u>	<u>3,934</u>	<u>13,987</u>	<u>15,723</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 30 NOVEMBER 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	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM'000	RM'000	RM'000	RM'000
Interest income	229	556	859	1,351
Other income	393	436	1,183	1,499
Interest expense	(304)	(588)	(995)	(1,917)
Depreciation and amortisation	(825)	(797)	(2,527)	(2,668)
Impairment of assets	-	-	-	(103)
Loss on disposal of property, plant and equipment	-	-	(3)	-
Gain/(Loss) on disposal of investment property	2	-	(18)	(100)
Bad debts write off	(9)	(4)	(9)	(4)
Fixed assets write off	(6)	-	(6)	-
Foreign exchange losses	-	-	(2)	-

**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 30 November 2019 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
<b>Current</b>			
Term loans	25,342	-	25,342
Revolving Credits	40,870	-	40,870
Bank Overdrafts	2,641	-	2,641
Bankers' acceptances	815	-	815
Hire purchase liabilities	49	5	54
	69,717	5	69,722
<b>Non-current</b>			
Term loans	113,531	-	113,531
Hire purchase liabilities	654	-	654
	114,185	-	114,185
	183,902	5	183,907



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 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**

As a result of the Group's progress to date with its expansion strategy into the Klang Valley, the Board has approved and declared an interim single-tier dividend of 1.5 sen per ordinary share amounting to approximately RM1.9 million in respect of the financial year ending 29 February 2020. The dividend is proposed to be payable on 3 March 2020 to shareholders registered in the Record of Depositors on the entitlement date of 6 February 2020.

The dividend has been set at this initial level to ensure the dividend allocation to shareholders is sustainable going forward, while allowing Eupe to continue to expand its property development operations through the financing of its growing pipeline of residential projects in Malaysia's capital.

Importantly, the reintroduction of dividend to shareholder signals a commitment by the Group to sustain and grow returns to shareholders over time while providing an important internal benchmark for the Group to maximise efficiencies and seek out new growth opportunities to meet this objective.

**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	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
<b>Basic EPS</b>				
Net profit attributable to equity holders of the Company (RM'000)	6,596	4,431	24,340	16,500
Weighted average number of ordinary shares ('000)	128,000	128,000	128,000	128,000
Basic earnings per share (sen)	5.15	3.46	19.02	12.89

**B12 Authorised for Issue**

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 16 January 2020.