



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 ENDED 29 FEBRUARY 2020



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020**

| | Quarter Ended | | Year-To-Date Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 29.02.2020 RM'000 | 28.02.2019 RM'000 | 29.02.2020 RM'000 | 28.02.2019 RM'000 |
| Revenue | 77,794 | 91,610 | 298,320 | 359,939 |
| Cost of sales | (54,667) | (62,903) | (201,399) | (241,014) |
| Gross profit | 23,127 | 28,707 | 96,921 | 118,925 |
| Other operating income | 681 | 807 | 2,723 | 3,657 |
| Marketing and distribution expenses | (1,289) | 7,615 | (5,031) | (10,124) |
| Administrative expenses | (5,266) | (5,405) | (18,843) | (20,427) |
| Other operating expenses | (704) | (2,670) | (3,270) | (5,547) |
| Finance costs | (318) | 663 | (1,313) | (1,254) |
| Profit before tax | 16,231 | 29,717 | 71,187 | 85,230 |
| Tax expense | (3,913) | (8,006) | (17,900) | (23,729) |
| Profit for the period/year | 12,318 | 21,711 | 53,287 | 61,501 |
| Other comprehensive expenses | | | | |
| Foreign currency translation differences for foreign operation | (86) | (217) | (168) | (188) |
| Total comprehensive income for the period/year | 12,232 | 21,494 | 53,119 | 61,313 |
| Profit attributable to: | | | | |
| Equity holders of the Company | 9,521 | 13,800 | 33,861 | 30,300 |
| Non-controlling interest | 2,797 | 7,911 | 19,426 | 31,201 |
| | 12,318 | 21,711 | 53,287 | 61,501 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 9,437 | 13,604 | 33,692 | 30,126 |
| Non-controlling interest | 2,795 | 7,890 | 19,427 | 31,187 |
| | 12,232 | 21,494 | 53,119 | 61,313 |
| Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (sen) | | | | |
| | 7.44 | 10.78 | 26.45 | 23.67 |

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 29 FEBRUARY 2020**

| | AS AT 29.02.2020 RM'000 | AS AT 28.02.2019 RM'000 (AUDITED) |
|-------------------------------|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 64,924 | 65,722 |
| Right-of-use assets | 617 | - |
| Other investments | - | 7 |
| Inventories | 188,193 | 153,038 |
| Investment properties | 45,751 | 48,232 |
| Deferred tax assets | 2,344 | 2,385 |
| | <u>301,829</u> | <u>269,384</u> |
| Current assets | | |
| Inventories | 117,769 | 150,894 |
| Contract costs | 6,085 | 6,980 |
| Contract assets | 167,424 | 108,917 |
| Trade and other receivables | 78,173 | 41,071 |
| Sinking funds | 802 | 832 |
| Tax recoverable | 2,271 | 2,997 |
| Cash and bank balances | 36,668 | 70,971 |
| | <u>409,192</u> | <u>382,662</u> |
| TOTAL ASSETS | <u>711,021</u> | <u>652,046</u> |



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020 (Contd.)**

| | AS AT 29.02.2020 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 | 218,343 | 186,571 |
| | <u>352,325</u> | <u>320,553</u> |
| Non-controlling interest | 73,435 | 54,008 |
| TOTAL EQUITY | <u>425,760</u> | <u>374,561</u> |
| Non-current liabilities | | |
| Borrowings | 95,243 | 102,666 |
| Lease liabilities | 252 | - |
| Deferred tax liabilities | 13,867 | 14,653 |
| | <u>109,362</u> | <u>117,319</u> |
| Current liabilities | | |
| Contract liabilities | 12,880 | 14,527 |
| Trade and other payables | 67,334 | 60,049 |
| Provisions | 11,613 | 9,878 |
| Borrowings | 80,094 | 69,007 |
| Lease liabilities | 383 | - |
| Current tax payables | 3,595 | 6,705 |
| | <u>175,899</u> | <u>160,166</u> |
| TOTAL LIABILITIES | <u>285,261</u> | <u>277,485</u> |
| TOTAL EQUITY AND LIABILITIES | <u>711,021</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>2.75</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 ENDED 29 FEBRUARY 2020**

| | ← Attributable to equity holders of the Company → | | | | | | Non - controlling interest RM'000 | Total equity RM'000 |
|--|---|----------------------------|--|--------------------------------|----------------|-----------------|--|---------------------------|
| | ← Non-distributable → | | | Distributable | | Total RM'000 | | |
| | Share capital RM'000 | Share premium RM'000 | Foreign currency translation reserve RM'000 | Retained earnings RM'000 | | | | |
| At 1 March 2019 | 133,982 | - | (40) | 186,611 | 320,553 | 54,008 | 374,561 | |
| Profit for the year | - | - | - | 33,861 | 33,861 | 19,426 | 53,287 | |
| Other comprehensive (expenses)/income | - | - | (169) | - | (169) | 1 | (168) | |
| Total comprehensive (expenses)/income | - | - | (169) | 33,861 | 33,692 | 19,427 | 53,119 | |
| Dividend paid | - | - | - | (1,920) | (1,920) | - | (1,920) | |
| At 29 February 2020 | <u>133,982</u> | <u>-</u> | <u>(209)</u> | <u>218,552</u> | <u>352,325</u> | <u>73,435</u> | <u>425,760</u> | |
| At 1 March 2018 | 128,000 | 5,982 | 134 | 156,311 | 290,427 | 23,113 | 313,540 | |
| Profit for the year | - | - | - | 30,300 | 30,300 | 31,201 | 61,501 | |
| Other comprehensive expenses | - | - | (174) | - | (174) | (14) | (188) | |
| Total comprehensive (expenses)/income | - | - | (174) | 30,300 | 30,126 | 31,187 | 61,313 | |
| Dividend paid to non-controlling interest | - | - | - | - | - | (292) | (292) | |
| Transfer pursuant to Section 618 (2) of the Companies Act 2016 | 5,982 | (5,982) | - | - | - | - | - | |
| At 28 February 2019 | <u>133,982</u> | <u>-</u> | <u>(40)</u> | <u>186,611</u> | <u>320,553</u> | <u>54,008</u> | <u>374,561</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 ENDED 29 FEBRUARY 2020**

| | Year-To-Date Ended | |
|--|--------------------|------------|
| | 29.02.2020 | 28.02.2019 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | 208,485 | 310,244 |
| Cash payments to suppliers and creditors | (188,076) | (231,570) |
| Cash payments to employees and for expenses | (28,426) | (43,809) |
| Cash (used in)/generated from operations | (8,017) | 34,865 |
| Bank overdraft interest paid | (219) | (359) |
| Rental income received | 512 | 580 |
| Tax refund | 1,561 | 106 |
| Tax paid | (22,588) | (18,282) |
| Net cash (used in)/generated from operating activities | (28,751) | 16,910 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income received | 1,114 | 1,812 |
| Proceed from disposal of property, plant and equipment | 258 | 1 |
| Proceed from disposal of investment properties | 2,468 | 798 |
| Proceed from disposal of other investment | 7 | - |
| Purchase of property, plant and equipment | (2,403) | (911) |
| Purchase of right-of-use assets | (996) | - |
| Net cash generated from investing activities | 448 | 1,700 |



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020 (Contd.)**

| | Year-To-Date Ended | |
|---|--------------------|---------------|
| | 29.02.2020 | 28.02.2019 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (1,920) | - |
| Drawdown of term loans | 70,247 | 47,745 |
| Repayment of term loans | (74,795) | (31,973) |
| Drawdown of revolving credits | 22,835 | 14,092 |
| Repayment of revolving credits | (14,835) | (14,902) |
| Net creation/(repayment) of bankers' acceptance | 213 | (200) |
| Net repayment of invoice financing | (198) | (909) |
| Net creation/(repayment) of hire purchase liabilities | 357 | (463) |
| Net creation of lease liabilities | 635 | - |
| Term loans interest paid | (7,655) | (669) |
| Revolving credit interest paid | (378) | (25) |
| Bankers' acceptance interest paid | (38) | (59) |
| Invoice financing interest paid | (59) | (112) |
| Hire purchase interest paid | (31) | (31) |
| Lease liabilities interest paid | (49) | - |
| Fixed deposits pledged to licensed bank | (1,029) | (2,260) |
| Net cash (used in)/generated from financing activities | (6,700) | 10,234 |
| Net (decrease)/increase in cash and cash equivalents | (35,003) | 28,844 |
| Effect of exchange rate changes | (168) | (61) |
| Cash and cash equivalents at beginning of financial year | 63,269 | 34,515 |
| Cash and cash equivalents at end of financial period | <u>28,098</u> | <u>63,298</u> |
| Cash and cash equivalents at end of financial period comprise the following : | | |
| Cash and bank balances | 30,470 | 63,077 |
| Fixed deposits with licensed banks | 6,198 | 7,894 |
| | <u>36,668</u> | <u>70,971</u> |
| Less: Bank overdraft | (2,518) | (2,678) |
| Deposits pledged as collateral | (6,052) | (4,995) |
| | <u>28,098</u> | <u>63,298</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.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
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 ENDED 29 FEBRUARY 2020
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 ENDED 29 FEBRUARY 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)**

A2 Accounting Policies (Contd.)

MFRS 16 Leases (Contd.)

Subsequent to initial recognition, the Group measures 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 ended 29 February 2020.

A6 Material Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter and year ended 29 February 2020.

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 ended 29 February 2020.

A8 Dividend Paid

On 16 January 2020, the Board has declared an interim single-tier dividend of 1.5 sen per ordinary shares in respect of the financial year ended 29 February 2020 amounting to approximately RM1.9 million and was paid on 3 March 2020.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
Part A: Explanatory Notes Pursuant to FRS 134 (Contd.)

A9 Segmental Reporting

Financial Year Ended 29 February 2020

| | Property Development RM'000 | Property Construction RM'000 | Chalet & Golf Management RM'000 | Others RM'000 | Total RM'000 |
|--|--|---|--|--------------------------|-------------------------|
| Revenue | 276,118 | 42,881 | 10,197 | 4,351 | 333,547 |
| Elimination of inter- segment revenue | - | (33,360) | - | (1,867) | (35,227) |
| | <u>276,118</u> | <u>9,521</u> | <u>10,197</u> | <u>2,484</u> | <u>298,320</u> |
| Segment Results | 73,784 | 19 | (1,826) | (592) | 71,385 |
| Interest income | 1,008 | 30 | 68 | 8 | 1,114 |
| Finance costs | (253) | (437) | (510) | (112) | (1,312) |
| Profit before tax | <u>74,539</u> | <u>(388)</u> | <u>(2,268)</u> | <u>(696)</u> | <u>71,187</u> |
| Tax expense | (17,990) | - | 282 | (192) | (17,900) |
| Profit for the year | <u>56,549</u> | <u>(388)</u> | <u>(1,986)</u> | <u>(888)</u> | <u>53,287</u> |

As At 29 February 2020

| | | | | | |
|---------------------|----------------|---------------|---------------|---------------|----------------|
| Segment assets | <u>588,269</u> | <u>20,142</u> | <u>56,693</u> | <u>45,917</u> | <u>711,021</u> |
| Liabilities | | | | | |
| Segment liabilities | 87,405 | 10,089 | 8,602 | 3,828 | 109,924 |
| Borrowings | 140,468 | 27,431 | 7,046 | 392 | 175,337 |
| | <u>227,873</u> | <u>37,520</u> | <u>15,648</u> | <u>4,220</u> | <u>285,261</u> |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A9 Segmental Reporting (Contd.)

Financial Year Ended 28 February 2019

| | Property Development RM'000 | Property Construction RM'000 | Chalet & Golf Management RM'000 | Others RM'000 | Total RM'000 |
|--|--|---|--|--------------------------|-------------------------|
| Revenue | 334,287 | 48,250 | 11,944 | 4,207 | 398,688 |
| Elimination of inter- segment revenue | - | (37,151) | - | (1,598) | (38,749) |
| | <u>334,287</u> | <u>11,099</u> | <u>11,944</u> | <u>2,609</u> | <u>359,939</u> |
| Segment Results | 89,831 | (1,152) | (3,278) | (730) | 84,671 |
| Interest income | 1,618 | 12 | 64 | 119 | 1,813 |
| Finance costs | (295) | (330) | (543) | (86) | (1,254) |
| Profit before tax | <u>91,154</u> | <u>(1,470)</u> | <u>(3,757)</u> | <u>(697)</u> | <u>85,230</u> |
| Tax expense | (23,441) | 1 | (6) | (283) | (23,729) |
| Profit for the year | <u>67,713</u> | <u>(1,469)</u> | <u>(3,763)</u> | <u>(980)</u> | <u>61,501</u> |

As At 28 February 2019

| | | | | | |
|---------------------|----------------|---------------|---------------|---------------|----------------|
| Segment assets | <u>518,860</u> | <u>25,296</u> | <u>58,348</u> | <u>51,202</u> | <u>653,706</u> |
| Liabilities | | | | | |
| Segment liabilities | 83,648 | 10,865 | 9,361 | 3,598 | 107,472 |
| Borrowings | <u>143,729</u> | <u>19,192</u> | <u>7,417</u> | <u>1,335</u> | <u>171,673</u> |
| | <u>227,377</u> | <u>30,057</u> | <u>16,778</u> | <u>4,933</u> | <u>279,145</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 ENDED 29 FEBRUARY 2020
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 ended 29 February 2020.

A13 Changes in Composition of the Group

There were changes in the composition of the Group during the financial year ended 29 February 2020.

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:

| | 29.02.2020 | 28.02.2019 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Guarantees given issued by the Company for banking facilities granted to subsidiaries | 191,208 | 187,116 |
| Guarantees given to suppliers of a subsidiary | 135 | 261 |
| | <u>191,343</u> | <u>187,377</u> |

A15 Capital commitments

There were no capital commitments for the financial year ended 29 February 2020.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020

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 | | |
|--------------------------|---------------|---------------|-----------------|--------------------|----------------|-----------------|
| | 29.02.2020 | 28.02.2019 | Changes | 29.02.2020 | 28.02.2019 | Changes |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Property Development | 71,922 | 84,920 | (12,998) | 276,118 | 334,287 | (58,169) |
| Property Construction | 2,390 | 2,603 | (213) | 9,521 | 11,099 | (1,578) |
| Chalet & Golf Management | 2,884 | 3,473 | (589) | 10,197 | 11,944 | (1,747) |
| Others | 598 | 614 | (16) | 2,484 | 2,609 | (125) |
| Total | 77,794 | 91,610 | (13,816) | 298,320 | 359,939 | (61,619) |

| Pre-tax Profit/(Loss) | Quarter Ended | | | Year-To-Date Ended | | |
|--------------------------|---------------|---------------|-----------------|--------------------|---------------|-----------------|
| | 29.02.2020 | 28.02.2019 | Changes | 29.02.2020 | 28.02.2019 | Changes |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Property Development | 16,706 | 32,060 | (15,354) | 74,539 | 91,154 | (16,615) |
| Property Construction | (143) | (945) | 802 | (388) | (1,470) | 1,082 |
| Chalet & Golf Management | (131) | (905) | 774 | (2,268) | (3,757) | 1,489 |
| Others | (201) | (493) | 292 | (696) | (697) | 1 |
| Total | 16,231 | 29,717 | (13,486) | 71,187 | 85,230 | (14,043) |

Overview: Q4FY2020 vs Q4FY2019

For the current quarter ended 29 February 2020 (“Q4FY2020”), the Group recorded revenue of RM77.8 million which was RM13.8 million lower compared to revenue of RM91.6 million recorded in the preceding year’s corresponding quarter (“Q4FY2019”). As a result, the Group’s pre-tax profit decreased by RM13.5 million to RM16.2 million in Q4FY2020, compared to RM29.7 million in Q4FY2019.

The decrease in both the revenue and pre-tax profit for the current quarter was mainly due to the short-term transition stage for our KL projects, in which our first KL project, Novum@South Bangsar (“Novum”) has reached its completion stage and, as a result, contributed lower revenue and pre-tax profit to the Group’s financial performances. This decrease is being offset with the proceeds from Group’s second KL project, Parc3@KL South (“Parc3”), which will take precedence in the next 12 months in terms of revenue and profit, underpinned by the project’s sales take-up rate which is in excess of 90%, and continuous construction work progress.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020**

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

B1 Review of Performance (Contd.)

Overview: FY2020 vs FY2019

For financial year ended 29 February 2020 ("FY2020"), the Group's total revenue was RM298.3 million - RM61.6 million lower than the revenue of financial year ended 28 February 2019 ("FY2019") of RM359.9 million. This reduction was primarily due to lower revenue contributed by Novum which reached the completion stage of development during the financial year. This decreased contribution was moderated by an increase in Parc3's revenue contribution, due to its high sales take-up rate and steady construction work progress during the financial year under review.

As a result, the Group's pre-tax profit for the full-year was lower by RM14.0 million compared to FY2019, due to the lower contribution from Novum's pre-tax profit, as mentioned before.

However, the profit attributable to the equity holders of the company has improved from RM30.3 million, to RM33.9 million. This has also resulted in an improvement in the Group's EPS from 23.7 sen, to 26.5 sen.

The contribution from each of the Group's business divisions is as follows :

Property Development Division ("PDD")

Novum had reached its completion stage and is pending vacant possession, henceforth, its revenue contribution to the Group decreased by RM40.2 million and RM135.4 million for Q4FY2020 and FY2020, respectively, compared to Q4FY2019 and FY2019. This decrease was partially offset by the improved financial performance of Parc3, underpinned by its high sales take-up rate and continued progress of construction works. As a result, PDD's revenue for Q4FY2020 and FY2020 decreased by RM13.0 million and RM58.2 million, respectively, compared to Q4FY2019 and FY2019.

In line with the revenue, the pre-tax profit for the division also decreased by RM15.4 million and RM16.6 million, respectively, as compared to Q4FY2019 and FY2019.

Property Construction Division ("PCD")

Both the revenue and pre-tax loss for the current quarter for PCD was comparable to the corresponding quarter. PCD's revenue for FY2020 was RM1.6 million lower than the corresponding period, due to a few development projects were completed at the beginning of the financial year under review. The pre-tax loss, however, was reduced to RM0.4 million, compared to RM1.5 million a year ago, largely due to a one-off impairment loss on investment properties of RM1.0 million recognised in FY2019.



**NOTES TO THE FINANCIAL STATEMENTS
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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”)

There was no significant fluctuation for both revenue and pre-tax loss for CGMD for the current quarter under review, compared to the corresponding quarter.

For FY2020, CGMD achieved total revenue of RM10.2 million, representing a decrease of RM1.7 million, compared to FY2019. The decrease in revenue was attributable to ongoing challenges to sales performance, due to the soft economy which has affected the hospitality industry nationwide since 2nd half of 2019, coupled with the increasing competition from homestays service providers in the vicinity.

Ongoing efforts by management to rationalise costs offset to some extent on its pre-tax losses for FY2020 which was improved by RM1.5 million, compared to pre-tax loss of the preceding year’s corresponding period.

Others

The Others Division represents rental from investment properties as well as fruit cultivation. The Division reported a revenue of RM0.6 million and a pre-tax loss of RM0.2 million for Q4FY2020, and revenue of RM2.5 million and a pre-tax loss of RM0.7 million for FY2020. These results were similar to the preceding year’s corresponding quarter and financial year’s results.

B2 Material Changes in the Quarterly Results

| | Quarter Ended | | |
|----------------|---------------|------------|---------|
| | 29.02.2020 | 30.11.2019 | Changes |
| | RM'000 | RM'000 | RM'000 |
| Revenue | 77,794 | 56,630 | 21,164 |
| Pre-tax profit | 16,231 | 13,540 | 2,691 |

For Q4FY2020, the Group’s revenue increased by RM21.2 million, or 37.4%, compared to Q3FY2020. This increase was the result of PDD revenue increasing by RM20.5 million, from RM51.4 million to RM71.9 million.

The increase was primarily attributed to revenue from Northern Region PDD projects, due to improved progress of construction works. The revenue result was further enhanced by Parc3’s revenue with the improved continued progression of the construction works.

Likewise, the Group’s pre-tax profit increased by RM2.7 million or 19.9% compared to Q3FY2020 was mainly due to higher contribution from PDD as outlined above.



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

B3 Prospects

The onset and spread of the COVID-19 virus have resulted in significant levels of uncertainty across the Malaysian as well as global economy. With the national government prioritizing curtailing the spread of the virus, a number of unknowns are now in play in terms of how economic and consumer trends will develop in coming months. These trends are not likely to become known until after the lifting of the current home isolation and social distancing rules that are now in effect, and the Government announces its transition strategy to returning the economy to normal activity.

As a result of these unprecedented and significant shifts, it is not possible to forecast with any accuracy at this stage how the current shutdown will impact on the property market and consumer demand for property products. However, it is worth noting that housing is a fundamental demand and the current economic situation is likely to accelerate the shift in the property market toward greater housing affordability on the one hand, and the imperative for property developers to clearly differentiate their products in terms of innovative design and lifestyle features. These are both strategies that are the core of Eupe's product development and we will refocus our efforts in these areas so that our future projects remain a compelling offer to buyers. Meanwhile, online campaigns such as social media, online advertisements, website and business association with the objective of adjusting our target audience during the Movement Control Order period been put in place.

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 | |
|-----------------------|---------------|--------------|--------------------|---------------|
| | 29.02.2020 | 28.02.2019 | 29.02.2020 | 28.02.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year taxation | 4,469 | 5,402 | 18,645 | 21,135 |
| Deferred taxation | (556) | 2,604 | (745) | 2,594 |
| | <u>3,913</u> | <u>8,006</u> | <u>17,900</u> | <u>23,729</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.



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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 | |
|---|---------------|------------|--------------------|------------|
| | 29.02.2020 | 28.02.2019 | 29.02.2020 | 28.02.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 255 | 462 | 1,114 | 1,813 |
| Other income | 426 | 345 | 1,609 | 1,844 |
| Interest expense | (318) | 663 | (1,313) | (1,254) |
| Depreciation and amortisation | (872) | (1,181) | (3,399) | (3,848) |
| Impairment of assets | - | (1,015) | - | (1,118) |
| (Loss)/gain on disposal of property, plant and equipment | (2) | 3 | 56 | 69 |
| Loss on disposal of investment property | - | (50) | (18) | (150) |
| Bad debts write off | (42) | (22) | (51) | (26) |
| Bad debts recovered | 5 | - | 5 | - |
| Provision for doubtful debts | (148) | (391) | (148) | (391) |
| Revesal of provision for doubtful debts | 366 | - | 366 | - |
| Fixed assets write off | (8) | (12) | (14) | (14) |
| Foreign exchange gain/(loss) | - | 2 | (2) | 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 29 February 2020 were as follows:

| | Non-current RM'000 | Current RM'000 | Total RM'000 |
|---------------------------|-----------------------|-------------------|-----------------|
| Secured | | | |
| Term loans | 94,756 | 26,814 | 121,570 |
| Revolving credits | - | 48,510 | 48,510 |
| Bank overdrafts | - | 2,518 | 2,518 |
| Bankers' acceptances | - | 1,141 | 1,141 |
| Invoice financing | - | 944 | 944 |
| Hire purchase liabilities | 487 | 167 | 654 |
| | 95,243 | 80,094 | 175,337 |



**NOTES TO THE FINANCIAL STATEMENTS
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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 has declared an interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 29 February 2020 amounting to approximately RM1.9 million and was paid on 3 March 2020.

The Board does not recommend any final dividend for the financial year ended 29 February 2020.

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 | |
|---|---------------|------------|--------------------|------------|
| | 29.02.2020 | 28.02.2019 | 29.02.2020 | 28.02.2019 |
| Basic EPS | | | | |
| Net profit attributable to equity holders of the Company (RM'000) | 9,521 | 13,800 | 33,861 | 30,300 |
| Weighted average number of ordinary shares ('000) | 128,000 | 128,000 | 128,000 | 128,000 |
| Basic earnings per share (sen) | 7.44 | 10.78 | 26.45 | 23.67 |

B12 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 14 May 2020.