



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 31 AUGUST 2020



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020**

	Quarter Ended		Year-To-Date Ended	
	31.08.2020 RM'000	31.08.2019 RM'000	31.08.2020 RM'000	31.08.2019 RM'000
Revenue	121,460	79,196	151,868	163,896
Cost of sales	(82,818)	(51,419)	(105,045)	(109,769)
Gross profit	38,642	27,777	46,823	54,127
Other operating income	474	646	952	1,420
Marketing and distribution expenses	(1,060)	(1,177)	(1,703)	(2,292)
Administrative expenses	(5,168)	(4,916)	(8,404)	(9,421)
Other operating expenses	(818)	(785)	(1,689)	(1,727)
Finance costs	(359)	(340)	(674)	(691)
Profit before tax	31,711	21,205	35,305	41,416
Tax expense	(7,717)	(5,306)	(9,427)	(10,617)
Profit for the period	23,994	15,899	25,878	30,799
Other comprehensive income/(expenses)				
Foreign currency translation differences for foreign operation	92	(84)	205	(78)
Total comprehensive income for the period	24,086	15,815	26,083	30,721
Profit attributable to:				
Equity holders of the Company	16,209	10,334	16,592	17,744
Non-controlling interest	7,785	5,565	9,286	13,055
	23,994	15,899	25,878	30,799
Total comprehensive income attributable to:				
Equity holders of the Company	16,304	10,252	16,797	17,663
Non-controlling interest	7,782	5,563	9,286	13,058
	24,086	15,815	26,083	30,721
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (sen)				
	12.66	8.07	12.96	13.86

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 29 February 2020 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 31 AUGUST 2020

	AS AT 31.08.2020 RM'000	AS AT 29.02.2020 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	64,451	64,924
Right-of-use assets	431	617
Inventories	192,156	188,193
Investment properties	46,074	45,751
Deferred tax assets	7,349	2,344
	<u>310,461</u>	<u>301,829</u>
Current assets		
Inventories	105,629	117,769
Contract costs	4,104	6,085
Contract assets	62,348	167,424
Trade and other receivables	94,893	78,173
Sinking funds	826	802
Tax recoverable	1,368	2,271
Cash and bank balances	115,101	36,668
	<u>384,269</u>	<u>409,192</u>
TOTAL ASSETS	<u>694,730</u>	<u>711,021</u>



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020 (Contd.)**

	AS AT 31.08.2020 RM'000	AS AT 29.02.2020 RM'000 (AUDITED)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	133,982	133,982
Reserves	235,140	218,343
	<u>369,122</u>	<u>352,325</u>
Non-controlling interest	82,721	73,435
TOTAL EQUITY	<u>451,843</u>	<u>425,760</u>
Non-current liabilities		
Borrowings	46,989	95,243
Lease liabilities	52	252
Deferred tax liabilities	13,279	13,867
	<u>60,320</u>	<u>109,362</u>
Current liabilities		
Contract liabilities	9,933	12,880
Trade and other payables	53,669	67,334
Provisions	33,048	11,613
Borrowings	69,974	80,094
Lease liabilities	405	383
Current tax payables	15,538	3,595
	<u>182,567</u>	<u>175,899</u>
TOTAL LIABILITIES	<u>242,887</u>	<u>285,261</u>
TOTAL EQUITY AND LIABILITIES	<u>694,730</u>	<u>711,021</u>
<i>Number of ordinary shares ('000)</i>	<u>128,000</u>	<u>128,000</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>2.88</u>	<u>2.75</u>

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 29 February 2020 and the accompanying explanatory notes attached to these Condensed Reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2020**

	← Attributable to equity holders of the Company →					Total equity RM'000
	Share capital RM'000	Non-distributable Foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non - controlling interests RM'000	
At 1 March 2020	133,982	(209)	218,552	352,325	73,435	425,760
Profit for the period	-	-	16,592	16,592	9,286	25,878
Other comprehensive income	-	205	-	205	-	205
Total comprehensive income	-	205	16,592	16,797	9,286	26,083
At 31 August 2020	<u>133,982</u>	<u>(4)</u>	<u>235,144</u>	<u>369,122</u>	<u>82,721</u>	<u>451,843</u>
At 1 March 2019	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
At 31 August 2019	<u>133,982</u>	<u>(121)</u>	<u>204,355</u>	<u>338,216</u>	<u>67,066</u>	<u>405,282</u>

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 29 February 2020 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 2020**

	Year-To-Date Ended	
	31.08.2020	31.08.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	236,718	111,311
Cash payments to suppliers and creditors	(74,320)	(116,760)
Cash payments to employees and for expenses	(20,582)	(24,058)
Cash generated from/(used in) operations	141,816	(29,507)
Bank overdraft interest paid	(93)	(109)
Rental income received	241	263
Tax refund	920	73
Tax paid	(3,094)	(9,396)
Net cash generated from/(used in) operating activities	139,790	(38,676)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	311	631
Proceed from disposal of property, plant and equipment	-	121
Proceed from disposal of investment properties	-	414
Purchase of investment property	(323)	-
Purchase of property, plant and equipment	(1,037)	(701)
Purchase of right-of-use assets	-	(995)
Fixed deposits pledged to licensed bank	(884)	(74)
Net cash used in investing activities	(1,933)	(604)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2020 (Contd.)**

	Year-To-Date Ended	
	31.08.2020 RM'000	31.08.2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	40,993	39,483
Repayment of term loans	(105,524)	(16,486)
Drawdown of revolving credits	6,184	10,965
Repayment of revolving credits	(1,579)	(14,880)
Net (repayment)/creation of bankers' acceptance	(235)	54
Net creation/(repayment) of invoice financing	1,393	(582)
Net creation of hire purchase liabilities	423	227
Net (repayment)/creation of lease liabilities	(169)	817
Term loans interest paid	(1,603)	(4,649)
Revolving credit interest paid	(287)	(194)
Bankers' acceptance interest paid	(17)	(22)
Invoice financing interest paid	(31)	(34)
Hire purchase interest paid	(17)	(16)
Lease liabilities interest paid	(15)	(26)
Net cash (used in)/generated from financing activities	(60,484)	14,657
Net increase/(decrease) in cash and cash equivalents	77,373	(24,623)
Effect of exchange rate changes	205	(78)
Cash and cash equivalents at beginning of financial year	28,191	63,269
Cash and cash equivalents at end of financial period	105,769	38,568
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	108,054	40,251
Fixed deposits with licensed banks	7,047	6,055
	115,101	46,306
Less: Bank overdraft	(2,489)	(2,640)
Deposits pledged as collateral	(6,843)	(5,098)
	105,769	38,568

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 29 February 2020 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 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 29 February 2020. 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 29 February 2020.

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 29 February 2020, except for the adoption of new standards and amendments to standards and interpretation as follows:

Amendments to MFRSs 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 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- *Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

The adoption of the abovementioned amendments to accounting standards have no significant impact on the financial statements of the Group.

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 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*



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)**

A2 Accounting Policies (Contd.)

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.

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 MASB 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 currently in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 28 February 2022.

A3 Auditors' Report on Preceding Financial Year Financial Statements

The auditors' report on the financial statements for the financial year ended 29 February 2020 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 2020.

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 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-to-date ended 31 August 2020.

A8 Dividend Paid

No dividends were paid during the financial quarter and year-to-date ended 31 August 2020.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020
Part A: Explanatory Notes Pursuant to FRS 134 (Contd.)

A9 Segmental Reporting

Financial Year-To-Date Ended 31 August 2020

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	145,121	16,892	1,875	1,360	165,248
Elimination of inter- segment revenue	-	(13,142)	-	(238)	(13,380)
	<u>145,121</u>	<u>3,750</u>	<u>1,875</u>	<u>1,122</u>	<u>151,868</u>
Segment Results	37,249	(58)	(1,441)	(82)	35,668
Interest income	285	3	22	1	311
Finance costs	(158)	(213)	(227)	(76)	(674)
Profit/(loss) before tax	<u>37,376</u>	<u>(268)</u>	<u>(1,646)</u>	<u>(157)</u>	<u>35,305</u>
Tax expense	(9,269)	-	-	(158)	(9,427)
Profit/(loss) for the period	<u>28,107</u>	<u>(268)</u>	<u>(1,646)</u>	<u>(315)</u>	<u>25,878</u>

As At 31 August 2020

Assets

Segment assets	<u>574,436</u>	<u>20,270</u>	<u>54,183</u>	<u>45,841</u>	<u>694,730</u>
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Liabilities

Segment liabilities	103,569	11,067	7,387	3,901	125,924
Borrowings	<u>79,469</u>	<u>30,380</u>	<u>7,114</u>	<u>-</u>	<u>116,963</u>
	<u>183,038</u>	<u>41,447</u>	<u>14,501</u>	<u>3,901</u>	<u>242,887</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A9 Segmental Reporting (Contd.)

Financial Year-To-Date Ended 31 August 2019

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
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/(loss) 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/(loss) 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>

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 29 February 2020.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 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-to-date ended 31 August 2020.

A13 Changes in Composition of the Group

There were no changes in the composition of the Group during the financial year-to-date ended 31 August 2020.

A14 Contingent Liabilities and Assets

There were no contingent assets and no material changes in contingent liabilities since the 29 February 2020 except for the followings:

	31.08.2020	29.02.2020
	RM'000	RM'000
<u>Group</u>		
Liquidated Ascertained Damages ("LAD") in respect of the late delivery of properties	5,692	4,876
<u>Company</u>		
Guarantees given issued by the Company for banking facilities granted to subsidiaries	134,144	191,208
Guarantees given to suppliers of a subsidiary	96	135
	134,240	191,343

Contingent liabilities arising from LAD is in respect of the late delivery of vacant possession of properties in one of the property development projects undertaken by the Group had been affected due to Movement Control Order ("MCO"), Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") imposed by the Government.

On 25 August 2020, the Malaysian Parliament passed the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Bill 2020 ("COVID-19 Bill") to reduce the impact of COVID-19 pandemic. The COVID-19 Bill provides that the period from 18 March 2020 to 31 August 2020 shall be excluded from the calculation of the time for delivery of vacant possession of a housing accommodation and the LAD for the failure of the developer to deliver vacant possession of a housing accommodation.

As the COVID-19 Bill has yet to be enacted into law, the contingent liabilities arising from the possible LAD for the late delivery of properties during the period of MCO, CMCO and RMCO are disclosed as contingent liability.

A15 Capital commitments

There were no capital commitments for the financial year-to-date ended 31 August 2020.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 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		
	31.08.2020	31.08.2019	Changes	31.08.2020	31.08.2019	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	116,758	73,204	43,554	145,121	152,783	(7,662)
Property Construction	2,908	2,978	(70)	3,750	5,253	(1,503)
Chalet & Golf Management	1,244	2,393	(1,149)	1,875	4,594	(2,719)
Others	550	621	(71)	1,122	1,266	(144)
Total	121,460	79,196	42,264	151,868	163,896	(12,028)

Pre-tax Profit/(Loss)	Quarter Ended			Year-To-Date Ended		
	31.08.2020	31.08.2019	Changes	31.08.2020	31.08.2019	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	32,343	22,302	10,041	37,376	43,834	(6,458)
Property Construction	(39)	(251)	212	(268)	(482)	214
Chalet & Golf Management	(428)	(585)	157	(1,646)	(1,657)	11
Others	(165)	(261)	96	(157)	(279)	122
Total	31,711	21,205	10,506	35,305	41,416	(6,111)

Overview: Q2FY2021 vs Q2FY2020

The Group recorded revenue of RM121.5 million and pre-tax profit of RM31.7 million for the current quarter ("Q2FY2021"). Both revenue and pre-tax profit were significantly higher than the preceding year's corresponding quarter ("Q2FY2020") by RM42.3 million (or 53.4%) and RM10.5 million (or 49.5%), respectively.

Q2FY2021's financial performance reflects the consistently strong contributions from its Property Development Division, with high sales take-up rate and solid momentum in the construction progress of Parc3@KL South ("Parc3"), with Novum@South Bangsar ("Novum") handed over to its purchasers in June 2020.

Overview: 6MFY2021 vs 6MFY2020

The Group's revenue and pre-tax profit for the six-month period ended 31 August 2020 ("6MFY2021") of RM151.9 million and RM35.3 million, were lower by RM12.0 million and RM6.1 million respectively, compared to previous year corresponding period ended 31 August 2019's ("6MFY2020") revenue of RM163.9 million and pre-tax profit of RM41.4 million. This was mainly due to the temporary shutdown of the Group's business activities as a result of implementation of the MCO from 18 March 2020 to 3 May 2020 and CMCO from 4 May 2020 to 9 June 2020 to contain the spread of COVID-19 virus.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020

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

B1 Review of Performance (Contd.)

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

Property Development Division ("PDD")

The PDD's revenue for Q2FY2021 of RM116.7 million, represented an increase of RM43.6 million (or 59.6% higher) than Q2FY2020 revenue of RM73.2 million, underpinned by the continuing strong performance of the Central region. Novum and Parc3 contributed a combined increase of RM39.9 million, due to high sales take-up rate and solid momentum in Parc3's construction progress, as well as Novum's contribution from its delivery of vacant possession in June 2020.

Consistent with the increase in revenue, PDD's pre-tax profit for Q2FY2021 of RM32.3 million was also higher by 44.8% compared to Q2FY2020.

The PDD's revenue for 6MFY2021 of RM145.1 million was 5.0% lower than 6MFY2020 revenue of RM152.8 million, representing a decrease of RM7.7 million. This was mainly due to the impacts of MCO and CMCO which resulted in PDD operations was halted for nearly two months. However, these impacts were moderated by Parc3's high sales take-up rate as well as solid momentum in the construction progress when operations resumed post-MCO.

Consistent with the decrease in revenue, the PDD's pre-tax profit decreased by RM6.4 million from RM43.8 million in 6MFY2020 to RM37.4 million in 6MFY2021.

Property Construction Division ("PCD")

PCD's revenue and pre-tax loss for Q2FY2021 was comparable with Q2FY2020.

PCD's revenue for 6MFY2021 of RM3.8 million, compared to 6MFY2020 revenue of RM5.3 million, a decrease of 28.3%. This was primarily due to the implementation of the MCO and CMCO, resulting in temporary stoppage to all construction site activities.

Despite reporting lower revenue for 6MFY2021, the pre-tax loss was lower by RM0.2 million, compared to 6MFY2020, the result of lower overhead costs incurred during the MCO & CMCO periods.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020**

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 reported a decrease in its revenue in Q2FY2021 of RM1.1 million, compared to Q2FY2020, as a result of the tourism sector being allowed to resume operation after lifting of movement restrictions since mid of June 2020 but limited to only domestic tourism.

The pre-tax loss, however, was lower by RM0.2 million, mainly due to lower overhead costs incurred for the quarter under review.

The CGMD’s revenue decreased from RM4.6 million in 6MFY2020, to RM1.9 million in 6MFY2021. This result was due to the temporary closure of Cinta Sayang Resort and its golf course operations during MCO and CMCO.

Despite achieving much lower revenue for 6MFY2021, the pre-tax loss was comparable to 6MFY2020, due to the cost saving initiatives undertaken by the Management, particularly during the MCO and CMCO.

Others

The Others Division revenue represents rental from investment properties as well as fruit cultivation. Both were affected by the implementation of MCO and CMCO. However, their pre-tax loss for the quarter was comparable to the previous reporting period.

B2 Material Changes in the Quarterly Results

	Quarter Ended		
	31.08.2020	31.05.2020	Changes
	RM'000	RM'000	RM'000
Revenue	121,460	30,408	91,052
Pre-tax profit	31,711	3,594	28,117

The Group’s revenue and pre-tax profit for Q2FY2021 increased by RM91.1 million and RM28.1 million respectively, compared to the immediate preceding quarter (“Q1FY2021”).

PDD revenue, accounting for approximately 96.1% of the Group’s total revenue in Q2FY2021, increased by RM88.4 million to RM116.8, million from RM28.4 million in Q1FY2021. The improvement in financial performance of Q2FY2021 as compared to Q1FY2021, was mainly due to lifting of the movement restrictions, allowing construction of the Group’s development projects to resume from May 2020, coupled with delivery of vacant possession of Novum project during the quarter under review.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020

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

B3 Prospects

Malaysia's near-term economic prospects remain muted as the nation grapples with the ongoing restrictions and prevention measures, locally and globally, to contain the spread of COVID-19 virus. Bank Negara Malaysia recently revised downwards its growth forecasts for year 2020 and this is reflected in impacts on the property market in terms of continuing subdued sentiment and activity.

The extent of COVID-19 related disruptions in local and global markets remains unknown with a significant level of uncertainty and therefore it continues to be difficult to predict the extent of recovery in the short-term. However, the World Bank and other analysts are predicting a sharp rebound in Malaysia's economic activity in 2021 as the economy moves into recovery mode.

While COVID-19 is creating widespread anxiety in the society, and in doing so, changes a lot of social habits, the pandemic to date has affected (other than for a few industries) cyclical cycles rather than the structural nature of the economy. Structural changes will only occur if continuous lock downs are implemented which may lead to significant unemployment rate, or hampers the ability of the society for long term learning.

As noted in previous quarterly updates, economic disruptions created by response to the pandemic is likely to accelerate some existing trends in the property market. These may include greater consumer demand for more value for their investment, as well as more product innovation in home design. It will also accelerate the need for property developers to focus more on design and construction efficiencies.

Eupe remains firmly focused on these strategies, particularly as it continues to develop its projects in the pipeline within Klang Valley, and remains confident that its product planning and design focused strong around clear points of design and lifestyle differentiation is sufficiently resilient to meet these new challenges.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020

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

B4 Profit Forecast

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

B5 Taxation

	Quarter Ended		Year-To-Date Ended	
	31.08.2020	31.08.2019	31.08.2020	31.08.2019
	RM'000	RM'000	RM'000	RM'000
Current year taxation	13,173	5,367	15,019	10,720
Deferred taxation	(5,456)	(61)	(5,592)	(103)
	<u>7,717</u>	<u>5,306</u>	<u>9,427</u>	<u>10,617</u>

The Group's effective tax rate was slightly higher than the statutory tax rate in Malaysia mainly due to certain expenses which were not deductible for tax purposes.

B6 Profit Before Tax

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

	Quarter Ended		Year-To-Date Ended	
	31.08.2020	31.08.2019	31.08.2020	31.08.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	150	302	311	630
Other income	324	344	641	790
Interest expense	(359)	(340)	(674)	(691)
Depreciation and amortisation	(811)	(780)	(1,687)	(1,702)
Impairment of assets	-	-	-	-
Write off of receivables	-	-	-	-
Loss on disposal of property, plant and equipment	-	(3)	-	(3)
Loss on disposal of investment property	-	-	-	(20)
Foreign exchange loss	-	(2)	-	(2)
	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>

B7 Status of Corporate Proposal

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2020

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

B8 Group Borrowings and Debt Securities

The Group borrowings and debt securities as at 31 August 2020 were as follows:

	Non-current RM'000	Current RM'000	Total RM'000
Secured			
Term loans	46,031	11,008	57,039
Revolving credits	-	53,115	53,115
Bank overdrafts	-	2,489	2,489
Bankers' acceptances	-	906	906
Invoice financing	-	2,337	2,337
Hire purchase liabilities	958	119	1,077
	<u>46,989</u>	<u>69,974</u>	<u>116,963</u>

B9 Changes in Material Litigation

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

B10 Dividend Proposed

No dividends were paid during the financial quarter and year-to-date ended 31 August 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-to-date by the weighted average number of ordinary shares in issue during the financial period.

	Quarter Ended		Year-To-Date Ended	
	31.08.2020	31.08.2019	31.08.2020	31.08.2019
Basic EPS				
Net profit attributable to equity holders of the Company (RM'000)	<u>16,209</u>	<u>10,334</u>	<u>16,592</u>	<u>17,744</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>12.66</u>	<u>8.07</u>	<u>12.96</u>	<u>13.86</u>

B12 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 22 October 2020.