



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 2020



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020**

	Quarter Ended		Year-To-Date Ended	
	30.11.2020	30.11.2019	30.11.2020	30.11.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	80,750	56,630	232,618	220,526
Cost of sales	(45,900)	(36,963)	(150,945)	(146,732)
Gross profit	34,850	19,667	81,673	73,794
Other operating income	1,192	622	2,144	2,042
Marketing and distribution expenses	(915)	(1,450)	(2,618)	(3,742)
Administrative expenses	(3,751)	(4,156)	(12,155)	(13,577)
Other operating expenses	(878)	(839)	(2,567)	(2,566)
Finance costs	(301)	(304)	(975)	(995)
Profit before tax	30,197	13,540	65,502	54,956
Tax expense	(7,926)	(3,370)	(17,353)	(13,987)
Profit for the period	22,271	10,170	48,149	40,969
Other comprehensive (expenses)/income				
Foreign currency translation differences for foreign operation	(202)	(4)	3	(82)
Total comprehensive income for the period	22,069	10,166	48,152	40,887
Profit attributable to:				
Equity holders of the Company	14,664	6,596	31,256	24,340
Non-controlling interest	7,607	3,574	16,893	16,629
	22,271	10,170	48,149	40,969
Total comprehensive income attributable to:				
Equity holders of the Company	14,461	6,592	31,258	24,255
Non-controlling interest	7,608	3,574	16,894	16,632
	22,069	10,166	48,152	40,887
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (sen)	11.46	5.15	24.42	19.02

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 30 NOVEMBER 2020**

	AS AT 30.11.2020 RM'000	AS AT 29.02.2020 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	64,929	64,924
Right-of-use assets	236	617
Inventories	195,245	188,193
Investment properties	46,068	45,751
Deferred tax assets	6,369	2,344
	<u>312,847</u>	<u>301,829</u>
Current assets		
Inventories	103,652	117,769
Contract costs	2,741	6,085
Contract assets	73,881	167,424
Trade and other receivables	58,578	78,173
Sinking funds	834	802
Tax recoverable	303	2,271
Cash and cash equivalents	81,241	36,668
	<u>321,230</u>	<u>409,192</u>
TOTAL ASSETS	<u>634,077</u>	<u>711,021</u>



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2020 (Contd.)**

	AS AT 30.11.2020 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	249,601	218,343
	<u>383,583</u>	<u>352,325</u>
Non-controlling interest	48,520	73,435
TOTAL EQUITY	<u>432,103</u>	<u>425,760</u>
Non-current liabilities		
Borrowings	46,888	95,243
Lease liabilities	11	252
Deferred tax liabilities	12,923	13,867
	<u>59,822</u>	<u>109,362</u>
Current liabilities		
Contract liabilities	5,794	12,880
Trade and other payables	72,226	67,334
Provisions	9,771	11,613
Borrowings	35,161	80,094
Lease liabilities	246	383
Current tax payables	18,954	3,595
	<u>142,152</u>	<u>175,899</u>
TOTAL LIABILITIES	<u>201,974</u>	<u>285,261</u>
TOTAL EQUITY AND LIABILITIES	<u>634,077</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>3.00</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 30 NOVEMBER 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	-	-	31,256	31,256	16,893	48,149
Other comprehensive income	-	2	-	2	1	3
Total comprehensive income	-	2	31,256	31,258	16,894	48,152
Dividend paid	-	-	-	-	(41,809)	(41,809)
At 30 November 2020	133,982	(207)	249,808	383,583	48,520	432,103
At 1 March 2019	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
At 30 November 2019	133,982	(125)	210,951	344,808	70,640	415,448

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 30 NOVEMBER 2020**

	Year-To-Date Ended	
	30.11.2020	30.11.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	321,639	141,563
Cash payments to suppliers and creditors	(123,657)	(145,072)
Cash payments to employees and for expenses	(9,907)	(23,819)
Cash generated from/(used in) operations	<u>188,075</u>	<u>(27,328)</u>
Bank overdraft interest paid	(138)	(165)
Rental income received	345	386
Tax refund	1,985	1,115
Tax paid	(6,982)	(15,026)
Net cash generated from/(used in) operating activities	<u>183,285</u>	<u>(41,018)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	1,049	859
Proceed from disposal of property, plant and equipment	-	257
Proceed from disposal of investment properties	-	2,463
Purchase of property, plant and equipment	(2,018)	(1,161)
Purchase of right-of-use assets	-	(996)
Fixed deposits pledged to licensed bank	(11,774)	(266)
Net cash (used in)/generated from investing activities	(12,743)	1,156



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR-TO-DATE ENDED 30 NOVEMBER 2020 (Contd.)**

	Year-To-Date Ended	
	30.11.2020	30.11.2019
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(41,809)	-
Drawdown of term loans	12,096	51,098
Repayment of term loans	(76,509)	(38,343)
Drawdown of revolving credits	11,490	14,485
Repayment of revolving credits	(44,825)	(14,125)
Net creation/(repayment) of bankers' acceptance	835	(113)
Net creation/(repayment) of invoice financing	3,248	(1,142)
Net creation of hire purchase liabilities	413	411
Net (repayment)/creation of lease liabilities	(378)	726
Term loans interest paid	(1,733)	(6,242)
Revolving credit interest paid	(366)	(281)
Bankers' acceptance interest paid	(30)	(41)
Invoice financing interest paid	(92)	(29)
Hire purchase interest paid	(29)	(23)
Lease liabilities interest paid	(21)	(37)
Net cash (used in)/generated from financing activities	(137,710)	6,344
Net increase/(decrease) in cash and cash equivalents	32,832	(33,518)
Effect of exchange rate changes	3	(82)
Cash and cash equivalents at beginning of financial year	28,191	63,269
Cash and cash equivalents at end of financial period	61,026	29,669
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	63,307	31,484
Fixed deposits with licensed banks	17,934	6,116
	81,241	37,600
Less: Bank overdraft	(2,482)	(2,641)
Deposits pledged as collateral	(17,733)	(5,290)
	61,026	29,669

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 30 NOVEMBER 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*
- *MFRS 16 Leases – Covid-19 – Related Rent Concessions*
- *MFRS 17 Insurance Contracts*
- *Amendments to MFRS 3 Business Combination – Definition of a Business and Reference to the Conceptual Framework*
- *Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract*
- *Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases – 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.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)**

A2 Accounting Policies (Contd.)

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.

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 30 November 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 30 November 2020.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020**

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

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 2020.

A8 Dividend Paid

No dividends were paid during the financial quarter and year-to-date ended 30 November 2020.

A9 Segmental Reporting

Financial Year-To-Date Ended 30 November 2020

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	225,511	32,006	2,849	2,283	262,649
Elimination of inter- segment revenue	(3,619)	(25,936)	-	(476)	(30,031)
	<u>221,892</u>	<u>6,070</u>	<u>2,849</u>	<u>1,807</u>	<u>232,618</u>
Segment Results	67,356	(44)	(1,999)	115	65,428
Interest income	457	12	34	546	1,049
Finance costs	(227)	(317)	(323)	(108)	(975)
Profit/(loss) before tax	67,586	(349)	(2,288)	553	65,502
Tax expense	(17,113)	-	-	(240)	(17,353)
Profit/(loss) for the period	<u>50,473</u>	<u>(349)</u>	<u>(2,288)</u>	<u>313</u>	<u>48,149</u>

As At 30 November 2020

Assets

Segment assets	514,691	18,642	55,647	45,097	634,077
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Liabilities

Segment liabilities	94,969	11,851	9,370	3,735	119,925
Borrowings	55,065	18,844	8,140	-	82,049
	<u>150,034</u>	<u>30,695</u>	<u>17,510</u>	<u>3,735</u>	<u>201,974</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A9 Segmental Reporting (Contd.)

Financial Year-To-Date Ended 30 November 2019

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

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 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 30 NOVEMBER 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 30 November 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 30 November 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:

	30.11.2020	29.02.2020
	RM'000	RM'000
<u>Group</u>		
Liquidated Ascertained Damages ("LAD") in respect of the late delivery of properties	-	4,876
	<hr/>	<hr/>
<u>Company</u>		
Guarantees given issued by the Company for		
banking facilities granted to subsidiaries	100,723	191,208
Guarantees given to suppliers of a subsidiary	96	135
	<hr/>	<hr/>
	100,819	191,343
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On 23 October 2020, the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (Covid-19) Act 2020 ("Covid-19 Act") has been gazetted and came into effect on 23 October 2020. The Covid-19 Act 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.

Therefore, the contingent liability as at 29 February 2020 arising from LAD in respect of the late delivery of vacant possession for one of the property development projects undertaken by the Group amounting to RM4.9 million was disregarded.

A15 Capital commitments

There were no capital commitments for the financial year-to-date ended 30 November 2020.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 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		
	30.11.2020	30.11.2019	Changes	30.11.2020	30.11.2019	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	76,771	51,413	25,358	221,892	204,196	17,696
Property Construction	2,320	1,878	442	6,070	7,131	(1,061)
Chalet & Golf Management	974	2,719	(1,745)	2,849	7,313	(4,464)
Others	685	620	65	1,807	1,886	(79)
Total	80,750	56,630	24,120	232,618	220,526	12,092

Pre-tax Profit/(Loss)	Quarter Ended			Year-To-Date Ended		
	30.11.2020	30.11.2019	Changes	30.11.2020	30.11.2019	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	30,210	13,999	16,211	67,586	57,833	9,753
Property Construction	(81)	237	(318)	(349)	(245)	(104)
Chalet & Golf Management	(642)	(480)	(162)	(2,288)	(2,137)	(151)
Others	710	(216)	926	553	(495)	1,048
Total	30,197	13,540	16,657	65,502	54,956	10,546

Overview: Q3FY2021 vs Q3FY2020

The Group reported revenue of RM80.7 million and pre-tax profit of RM30.2 million for the current quarter ended 30 November 2020 (“Q3FY2021”). Both the revenue and pre-tax profit were significantly higher than the preceding year’s corresponding quarter ended 30 November 2019 (“Q3FY2020”) by RM24.1 million (or 42.6%) and RM16.7 million (or 123.7%), respectively, due to both a continuing strong performance from the Klang Valley property development operations and a welcome lift in sales and revenue from the Group’s Northern property development operations.

The current quarter’s results was underpinned by Eupe’s second KL project - Parc3@KL South (“Parc3”) where a higher percentage of work completion, as compared to Q3FY2020, continues to drive solid revenue contributions to the Group. In addition, the Northern region’s newly launched township development projects – reflecting the operation’s increasing pivot to affordable housing products in what is a very challenging housing market in the region - have been well-received by the market, resulting in the Northern operation’s revenue this quarter significantly exceeding its Q3FY2020’s contribution.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020**

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

B1 Review of Performance (Contd.)

Overview: 9MFY2021 vs 9MFY2020

For the nine-month period ended 30 November 2020 (“9MFY2021”), the Group’s revenue and pre-tax profit improved by RM12.1 million or 5.5% and RM10.5 million or 19.1%, compared to previous year’s corresponding period ended 30 November 2019 (“9MFY2020”). This was mainly attributed to Parc3’s higher percentage of work completion as well as its sales take-up rate is in excess of 90%.

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

Property Development Division (“PDD”)

The PDD’s revenue for Q3FY2021 of RM76.8 million, represented an increase of RM25.4 million or 49.4% higher than Q3FY2020 revenue of RM51.4 million, underpinned by the continuing solid performance of the Central region, and improved results of the Northern region’s township development projects.

Parc3 contributed an increase of RM14.2 million in revenue, resulting from a higher percentage of work completion. The Northern Property Development operations contributed an increase of RM8.4 million largely due to a stronger sales take-up of the Group’s property offerings in the Northern property market over this period.

Consistent with the increase in revenue, the PDD’s pre-tax profit for Q3FY2021 of RM30.2 million was substantially higher by RM16.2 million, or 115.7%, compared to Q3FY2020.

For the nine-month period ended 30 November 2020, the PDD recorded revenue of RM221.9 million, an increase of RM17.7 million, or 8.7%, compared to revenue of RM204.2 million for 9MFY2020. As highlighted above, this improved performance in 9MFY2021 was due to Parc3 higher sales percentage achieved and higher percentage of work completion.

Similarly, the PDD’s pre-tax profit increased by RM9.8 million from RM57.8 million in 9MFY2020 to RM67.6 million in 9MFY2021.

Property Construction Division (“PCD”)

Revenue from PCD was mainly derived from construction of residential properties and supply of building materials.

PCD’s revenue and pre-tax profit for Q3FY2021 was comparable with Q3FY2020.

PCD’s revenue for 9MFY2021 of RM6.1 million, compared to 9MFY2020 revenue of RM7.1 million, a decrease of 14.1%. This decrease was primarily due to the implementation of the Movement Control Order (“MCO”) and Conditional Movement Control Order (“CMCO”), which resulted in stoppages to all construction site activities for close to two months.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020

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

B1 Review of Performance (Contd.)

Property Construction Division (“PCD”) (Contd.)

Despite reporting lower revenue for 9MFY2021, the Division’s pre-tax loss was comparable with 9MFY2020 as a result of lower overhead costs incurred during the MCO & CMCO periods.

Chalet & Golf Management Division (“CGMD”)

CGMD reported a decrease in its revenue in Q3FY2021 of RM1.7 million compared to Q3FY2020. The decrease was mainly due to the continuing adverse impact of the lockdowns and movement control measures to curb the spread of Covid-19 pandemic which has significantly impacted on hospitality and tourism industry more broadly.

Due to the reasons mentioned above, the CGMD also reported lower revenue by RM4.5 million in the nine-month period, from RM7.3 million in 9MFY2020, to RM2.8 million in 9MFY2021.

Despite the very challenging conditions during both periods under review, CGMD’s pre-tax loss was comparable to both Q3FY2020 and 9MFY2020, due to ongoing cost cutting measures 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 Q3FY2021 and 9MFY2021 revenue were comparable to the previous reporting periods while pre-tax profit for both Q3FY2021 and 9MFY2021 was slightly up, due to higher interest income and lower administrative costs for both periods.

B2 Material Changes in the Quarterly Results

	Quarter Ended		
	30.11.2020	31.08.2020	Changes
	RM'000	RM'000	RM'000
Revenue	80,750	121,460	(40,710)
Pre-tax profit	30,197	31,711	(1,514)

The Group’s Q3FY2021 revenue has decreased by RM40.7 million compared to the immediate preceding quarter (“Q2FY2021”). The decrease was mainly due to lower contribution from PDD, the result of Novum@South Bangsar project being completed and handed over to purchasers in Q2FY2021.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020**

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

B2 Material Changes in the Quarterly Results (Contd.)

Despite achieving lower revenue in Q3FY2021, the Group reported a comparable pre-tax profit to Q2FY2021, largely driven by higher profit margin arising from our completed project with more favourable construction cost accompanied by lower overhead cost incurred during the quarter under review.

B3 Prospects

Recent news of a suite of COVID-19 vaccines and their imminent rollout have provided markets with some level of certainty as to when the current economic and social disruptions related to the pandemic may be resolved. However, negative market and consumer sentiment in Malaysia, particularly in property market, appears to be subdued, potentially the result of the prolonged levels of uncertainty due to the unprecedented nature of the COVID-19 related disruption and movement restrictions.

At the same time, market sentiment does not appear to have any correlation with actual economic prospects, with analysts continue to predict a rebound in Malaysia's economy over the next 12 months. We remain cautiously optimistic that consumer sentiment will improve once economic prospects start gaining momentum, as local governments and globally progressively roll out their vaccine programs.

As we have noted previously, disruptions caused by the pandemic will likely accelerate existing trends in the economy, which in turn will be reflected in the property market. These will potentially include more 'value-driven' consumer demand, requiring more product innovation in home design, focusing on health and safety aspects. A potentially cautious and value-driven approach by property buyers will also accelerate the need for property developers to focus more on design and construction efficiencies.

Eupe remains confident that its core approach focuses on design differentiation and products that are strongly value-oriented will overcome these challenges and uncertainties as the economy emerges over the course of the year from the impacts of the pandemic.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 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	
	30.11.2020	30.11.2019	30.11.2020	30.11.2019
	RM'000	RM'000	RM'000	RM'000
Current year taxation	7,303	3,456	22,322	14,176
Deferred taxation	623	(86)	(4,969)	(189)
	<u>7,926</u>	<u>3,370</u>	<u>17,353</u>	<u>13,987</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	
	30.11.2020	30.11.2019	30.11.2020	30.11.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	738	229	1,049	859
Other income	454	393	1,095	1,183
Interest expense	(301)	(304)	(975)	(995)
Depreciation and amortisation	(880)	(825)	(2,567)	(2,527)
Loss on disposal of property, plant and equipment	-	-	-	(3)
Gain/(Loss) on disposal of investment property	-	2	-	(18)
Bad debts written off	-	(9)	(2)	(9)
Fixed assets written off	-	(6)	-	(6)
Foreign exchange loss	-	-	-	(2)
	<u>-</u>	<u>-</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 30 NOVEMBER 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 30 November 2020 were as follows:

	Non-current RM'000	Current RM'000	Total RM'000
Secured			
Term loans	45,883	11,275	57,158
Revolving credits	-	15,175	15,175
Bank overdrafts	-	2,482	2,482
Bankers' acceptances	-	1,976	1,976
Invoice financing	-	4,192	4,192
Hire purchase liabilities	1,005	61	1,066
	<u>46,888</u>	<u>35,161</u>	<u>82,049</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 30 November 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	
	30.11.2020	30.11.2019	30.11.2020	30.11.2019
Basic EPS				
Net profit attributable to equity holders of the Company (RM'000)	<u>14,664</u>	<u>6,596</u>	<u>31,256</u>	<u>24,340</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>11.46</u>	<u>5.15</u>	<u>24.42</u>	<u>19.02</u>

B12 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 21 January 2021.