



Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD

[Registration No.: 199601005416 (377762-V)]

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022

**EUPE CORPORATION BERHAD**

[Registration No.: 199601005416 (377762-V)]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022**

	Quarter and Year-To-Date	
	31.05.2022	31.05.2021
	RM'000	RM'000
Revenue	31,815	53,903
Cost of sales	(22,689)	(38,863)
Gross profit	9,126	15,040
Other operating income	10,223	944
Marketing and distribution expenses	(1,684)	(1,382)
Administrative expenses	(5,059)	(3,611)
Other operating expenses	(831)	(810)
Finance costs	(387)	(605)
Profit before tax	11,388	9,576
Tax expense	(944)	(2,636)
Profit for the period	10,444	6,940
Profit attributable to:		
Equity holders of the Company	10,358	5,191
Non-controlling interests	86	1,749
	10,444	6,940
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (sen)	8.09	4.06

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2022 and the accompanying explanatory notes attached to these Condensed Reports.

**EUPE CORPORATION BERHAD***[Registration No.: 199601005416 (377762-V)]***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

	AS AT 31.05.2022 RM'000	AS AT 28.02.2022 RM'000	Movement RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	58,247	58,770	(523)
Right-of-use assets	1,265	1,408	(143)
Inventories - land held for property development	188,310	141,782	46,528
Investment properties	44,020	44,020	-
Deferred tax assets	3,142	3,540	(398)
	<u>294,984</u>	<u>249,520</u>	<u>45,464</u>
Current assets			
Inventories - property development costs	94,750	91,035	3,715
Inventories - completed properties and others	28,900	30,900	(2,000)
Contract costs	8,967	6,682	2,285
Contract assets	34,724	21,269	13,455
Trade and other receivables	93,681	110,466	(16,785)
Sinking funds	676	674	2
Tax recoverable	673	585	88
Cash and cash equivalents	108,514	99,565	8,949
	<u>370,885</u>	<u>361,176</u>	<u>9,709</u>
TOTAL ASSETS	<u>665,869</u>	<u>610,696</u>	<u>55,173</u>

**EUPE CORPORATION BERHAD**

[Registration No.: 199601005416 (377762-V)]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022 (CONT'D)**

	AS AT 31.05.2022 RM'000	AS AT 28.02.2022 RM'000	Movement RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	133,982	133,982	-
Reserves	291,629	281,065	10,564
	<u>425,611</u>	<u>415,047</u>	<u>10,564</u>
Non-controlling interests	37,575	37,507	68
TOTAL EQUITY	<u>463,186</u>	<u>452,554</u>	<u>10,632</u>
Non-current liabilities			
Long-term borrowings	76,104	45,730	30,374
Lease liabilities	814	869	(55)
Deferred tax liabilities	12,137	12,143	(6)
	<u>89,055</u>	<u>58,742</u>	<u>30,313</u>
Current liabilities			
Contract liabilities	765	1,047	(282)
Trade and other payables	75,650	67,464	8,186
Provisions	10,868	10,917	(49)
Short-term borrowings	24,546	17,016	7,530
Lease liabilities	479	559	(80)
Current tax payables	1,320	2,397	(1,077)
	<u>113,628</u>	<u>99,400</u>	<u>14,228</u>
TOTAL LIABILITIES	<u>202,683</u>	<u>158,142</u>	<u>44,541</u>
TOTAL EQUITY AND LIABILITIES	<u>665,869</u>	<u>610,696</u>	<u>55,173</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>3.33</u>	<u>3.24</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 2022 and the accompanying explanatory notes attached to these Condensed Reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022**

	← Attributable to equity holders of the Company →					
	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	Total equity RM'000
At 1 March 2022	133,982	(206)	281,271	415,047	37,507	452,554
Profit for the financial period	-	-	10,358	10,358	86	10,444
Disposal of interests in subsidiaries	-	206	-	206	(18)	188
At 31 May 2022	<u>133,982</u>	<u>-</u>	<u>291,629</u>	<u>425,611</u>	<u>37,575</u>	<u>463,186</u>
At 1 March 2021	133,982	(208)	259,742	393,516	42,446	435,962
Profit for the financial period	-	-	5,191	5,191	1,749	6,940
Change in interest in a subsidiary	-	-	(3)	(3)	3	-
At 31 May 2021	<u>133,982</u>	<u>(208)</u>	<u>264,930</u>	<u>398,704</u>	<u>44,198</u>	<u>442,902</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 2022 and the accompanying explanatory notes attached to these Condensed Reports.

**EUPE CORPORATION BERHAD***[Registration No.: 199601005416 (377762-V)]***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022**

	Quarter and Year-To-Date Ended	
	31.05.2022	31.05.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	46,421	39,113
Cash payments to suppliers and creditors	(59,076)	(45,339)
Cash payments to employees and for expenses	(11,052)	(12,310)
Cash used in operations	(23,707)	(18,536)
Deposit paid	(12,503)	-
Bank overdraft interest paid	(43)	(41)
Rental income received	194	199
Tax refund	84	275
Tax paid	(1,768)	(5,892)
Net cash used in operating activities	(37,743)	(23,995)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	550	233
Purchase of property, plant and equipment	(152)	(39)
Net changes in fixed deposits pledged	4,314	(4,421)
Net proceeds from disposal of subsidiaries	9,471	-
Net cash generated from/(used in) investing activities	14,183	(4,227)

**EUPE CORPORATION BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022 (CONT'D)**

	31.05.2022 RM'000	31.05.2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	34,138	12,810
Repayment of term loans	(2,196)	(2,878)
Drawdown of revolving credits	11,000	850
Repayment of revolving credits	(5,000)	(2,215)
Net repayment of bankers' acceptance	-	(1,613)
Net repayment of invoice financing	-	(3,232)
Net repayment of hire purchase	(63)	(60)
Net repayment of lease liabilities	(136)	(99)
Term loans interest paid	(545)	(939)
Revolving credits interest paid	(381)	(36)
Invoice financing interest paid	-	(11)
Hire purchase interest paid	(8)	(11)
Lease liabilities interest paid	(11)	(3)
Net cash generated from financing activities	36,798	2,563
Net increase/(decrease) in cash and cash equivalents	13,238	(25,659)
Cash and cash equivalents at beginning of financial year	81,807	59,902
Cash and cash equivalents at end of financial period	95,045	34,243
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	40,076	36,360
Fixed deposits with licensed banks	68,438	19,781
	108,514	56,141
Less: Bank overdraft	(2,576)	(2,451)
Deposits pledged as collateral	(10,893)	(19,447)
	95,045	34,243

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2022 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 MAY 2022**

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 2022. 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 2022.

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 2022, except for the adoption of new standards and amendments to standards and interpretation as follows:

Amendments to MFRSs adopted

For the preparation of the Condensed Report, the following amendments to MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2022:

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts–Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

The adoption of above-mentioned accounting standards, amendments and interpretations has no significant impact on the financial statements of the Group.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022

Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)

A2 Accounting Policies (cont'd)

Amendments to MFRSs not yet effective

The following are amendments to MFRSs that have been issued by the MASB but have not been adopted by the Group:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments to MFRSs effective for annual periods beginning on or after a 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*

MFRSs and Amendments to MFRSs not adopted

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022**

Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)

A3 Auditors' Report on Preceding Financial Year Financial Statements

The auditors' report on the financial statements for the financial year ended 28 February 2022 was unmodified.

A4 Seasonal or Cyclical Factors

The results for the financial quarter and year-to-date ended 31 May 2022 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 flows of the Group during the financial quarter and year-to-date ended 31 May 2022.

A6 Material Changes in Estimates

There were no changes in estimates that have had any material effect during the financial quarter and year-to-date ended 31 May 2022.

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 May 2022.

A8 Dividend Paid

No dividends were paid during the financial quarter and year-to-date ended 31 May 2022.

**EUPE CORPORATION BERHAD**

[Registration No.: 199601005416 (377762-V)]

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022
Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)**

A9 Segmental Reporting**Financial Quarter and Year-To-Date Ended 31 May 2022**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	26,803	10,909	1,606	844	40,162
Elimination of inter- segment revenue	-	(8,180)	-	(167)	(8,347)
	<u>26,803</u>	<u>2,729</u>	<u>1,606</u>	<u>677</u>	<u>31,815</u>
Segment results	3,089	(314)	(531)	8,981	11,225
Interest income	526	10	12	2	550
Finance costs	(279)	(2)	(106)	-	(387)
Profit/(loss) before tax	<u>3,336</u>	<u>(306)</u>	<u>(625)</u>	<u>8,983</u>	<u>11,388</u>
Tax expense	(866)	-	-	(78)	(944)
Profit/(loss) for the period	<u>2,470</u>	<u>(306)</u>	<u>(625)</u>	<u>8,905</u>	<u>10,444</u>

As At 31 May 2022**Assets**

Segment assets	<u>540,519</u>	<u>25,728</u>	<u>49,508</u>	<u>50,114</u>	<u>665,869</u>
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Liabilities

Segment liabilities	81,035	10,407	6,630	3,961	102,033
Borrowings	<u>92,849</u>	<u>142</u>	<u>7,659</u>	<u>-</u>	<u>100,650</u>
	<u>173,884</u>	<u>10,549</u>	<u>14,289</u>	<u>3,961</u>	<u>202,683</u>

**EUPE CORPORATION BERHAD**

[Registration No.: 199601005416 (377762-V)]

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022
Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)**

A9 Segmental Reporting (cont'd)**Financial Quarter and Year-To-Date Ended 31 May 2021**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	49,179	16,541	1,429	819	67,968
Elimination of inter- segment revenue	-	(13,799)	(105)	(161)	(14,065)
	49,179	2,742	1,324	658	53,903
Segment results	10,738	(157)	(600)	(33)	9,948
Interest income	186	11	36	-	233
Finance costs	(474)	(21)	(109)	(1)	(605)
Profit/(loss) before tax	10,450	(167)	(673)	(34)	9,576
Tax expense	(2,551)	-	-	(85)	(2,636)
Profit/(loss) for the period	7,899	(167)	(673)	(119)	6,940

As At 31 May 2021**Assets**

Segment assets	501,067	18,154	50,364	51,384	620,969
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Liabilities

Segment liabilities	71,445	11,160	6,763	3,525	92,893
Borrowings	76,152	1,064	7,958	-	85,174
	147,597	12,224	14,721	3,525	178,067

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 change in the fair value of the investment properties since the financial year ended 28 February 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022****Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)****A12 Significant Event Subsequent to the Reporting Period**

There were no significant events subsequent to the financial quarter and year-to-date ended 31 May 2022 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

A13 Changes in Composition of the Group

There were no material changes in the composition of the Group for the financial quarter and year-to-date ended except for the following:

- i) On 1 April 2022, the Company entered into Share Sale Agreements with LYM Investments Pty. Ltd. for the disposal of its entire equity stake in 70% owned subsidiary companies namely Australasia Development (M) Pty. Ltd. and Australasia Development Pty. Ltd. for a total sale consideration of AUD3,100,001 (equivalent to RM9,470,503).
- ii) On 9 May 2022, the Company's wholly-owned subsidiary, Eupe Kemajuan Sdn. Bhd., incorporated a wholly-owned subsidiary with cash subscription of RM100, namely Eupe Belfield Sdn. Bhd. ("EBSB"). The principal activity of EBSB is to carry on the business of property development.

A14 Contingent Liabilities and Assets

The Group has claims for liquidated ascertained damages for one of its residential projects. The impact to the Group arising from these claims is RM8.24 million should the claims be successful.

The proceedings in respect of these claims are, as at the date of this report, still on-going and accordingly, no provision for any liability has been made in the financial statements.

A15 Capital Commitments

Capital commitment not provided for in the financial quarter and year-to-date ended 31 May 2022 is as follows:-

	31.05.2022	28.02.2022
	RM'000	RM'000
Approved and contracted for:		
- Development lands acquired under Sale and Purchase Agreement	112,500	36,000

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad****B1 Review of Performance**

Segment	Revenue			Pre-tax Profit/(Loss)		
	31.05.2022 ("Q1FY2023") RM'000	31.05.2021 ("Q1FY2022") RM'000	Changes RM'000	31.05.2022 ("Q1FY2023") RM'000	31.05.2021 ("Q1FY2022") RM'000	Changes RM'000
Property Development	26,803	49,179	(22,376)	3,336	10,450	(7,114)
Property Construction	2,729	2,742	(13)	(306)	(167)	(139)
Chalet & Golf Management	1,606	1,324	282	(625)	(673)	48
Others	677	658	19	8,983	(34)	9,017
Total	31,815	53,903	(22,088)	11,388	9,576	1,812

Overview: Q1FY2023 vs Q1FY2022

The Group recorded lower revenue totalling RM31.8 million for the first quarter ended 31 May 2022 ("Q1FY2023"), compared to RM53.9 million recorded for the preceding year's corresponding quarter ("Q1FY2022").

The decrease in revenue for Q1FY2023 was mainly due to lower revenue contribution from Property Development Division. Both Central Region and Northern Region had reported lower revenues as compared to Q1FY2022. The decrease of revenue from Central Region was mainly due to the absence of revenue from the Group's second KL project, Parc3@KL South ("Parc3"), with vacant possession took place in December 2021 ("Q4FY2022"). This decrease was partially offset by the commencement of revenue from the Group's third KL project, Est8@Seputeh.

For Northern Region, the decrease was mainly due to the completion of seven phases of its township residential projects in Sungai Petani, Kedah, during the previous financial year.

Despite this decrease in revenue by RM22.1 million, the Group's pre-tax profit had increased from RM9.6 million in Q1FY2022 to RM11.4 million. This was mainly due to the gain on disposal of an Australian-based subsidiary of RM9.2 million.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B1 Review of Performance (cont'd)

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

Property Development Division ("PDD")

PDD's revenue decreased by RM22.4 million, or 45.5%, from RM49.2 million in Q1FY2022 to RM26.8 million in Q1FY2023.

Revenue for the Central Region decreased by RM13.1 million, from RM27.8 million in Q1FY2022 to RM14.7 million in Q1FY2023. This was largely due to the completion and vacant possession of Parc3 in December 2021. The decrease was partially offset by RM14.8 million revenue generated from the Group's third KL project, Est8@Seputeh ("Est8"), which was soft-launched in November 2021.

The Northern Region operations also reported a decrease of RM9.3 million in revenue, from RM21.4 million in Q1FY2022 to RM12.1 million in Q1FY2023, primarily due to the completion of the seven phases of PDD's township residential project in Q4FY2022, namely Astana Park Home A (Phases 8, 9, 11 and 13) and Puncak Surya (Phases 3, 5 and 6).

As a result, the PDD's pre-tax profit decreased by RM7.1 million from RM10.4 million in Q1FY2022 to RM3.3 million in Q1FY2023.

Property Construction Division ("PCD")

Revenue from PCD is solely derived from the supply of building materials to subcontractors.

PCD reported comparable revenue of RM2.7 million for both Q1FY2023 and Q1FY2022.

PCD's pre-tax loss was slightly increased from RM0.2 million in Q1FY2022 to RM0.3 million in Q1FY2023, mainly due to the rising cost of building materials.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B1 Review of Performance (cont'd)****Chalet & Golf Management Division ("CGMD")**

CGMD recorded revenue of RM1.6 million in Q1FY2023, an increase of RM0.3 million compared to Q1FY2022's revenue of RM1.3 million. The reopening of international borders on 1 April 2022 as well as the easing of movement restrictions has assisted in the recovery of the tourism industry with Cinta Sayang Resort progressively starting to show higher room occupancy rate and improvement in its F&B operations.

Notwithstanding these improvements, CGMD reported similar pre-tax loss of RM0.6 million in both reporting period, attributed to higher operating costs.

Others

The Others' division revenue represents rental from investment properties. The revenue was comparable to the preceding year's corresponding quarter.

However, the Division recorded pre-tax profit of RM8.9 million for Q1FY2023, an increase of RM9.0 million as compared to Q1FY2022. This was attributable to the RM9.2 million gain on disposal of a 70% interest in its Australian-based subsidiary, Australasia Development (M) Pty Ltd.

B2 Material Changes in the Quarterly Results

	Quarter Ended		
	31.05.2022 RM'000	28.02.2022 RM'000	Changes RM'000
Revenue	31,815	77,504	(45,689)
Pre-tax profit	11,388	10,857	531

The Group's Q1FY2023 revenue decreased by RM45.7 million as compared to the immediate preceding quarter ("Q4FY2022"). The result was mainly due to absence of Parc3's revenue which had vacant possession in December 2021, as well as the seven phases of completed township residential projects in Sungai Petani. Furthermore, the slowdown in construction progress of Padang Serai Ria Heights (Phases 1 & 2) which are nearing completion.

Despite the decrease in revenue, pre-tax profit of RM11.4 million in Q1FY2023 and RM10.9 million in Q4FY2022 were comparable. This was primarily due to lower gross profit margin incurred in Q4FY2022 as a result of the finalisation of Parc3's construction costs upon its completion in December 2021. The gain of RM9.2 million from the disposal of a subsidiary based in Australia in Q1FY2023 moderated the impact of this decrease in revenue.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B3 Prospects

Domestic demand continues to show positive signs of recovery post-transition to the endemic phase of the Covid-19 pandemic. Economic forecasts point to relatively robust recovery as domestic economic activity and levels of mobility rebounds, coupled with ongoing government supports to stimulate growth as well as higher prices for Malaysia's key commodity exports.

These trends were reflected in GDP growth accelerating in the first quarter. At the same time, while forecasts point to a continuing solid recovery, headwinds and uncertainties continue in the form of inflationary pressures in the global economy as well as the ongoing conflict in Ukraine. This raises the prospect of interest rate tightening which, together with potentially earlier general election, might result in a slowdown in the recovery phase. These uncertainties may in turn result in the trajectory for consumer spending and investment being uneven going forward.

As stated previously, Eupe, in order to mitigate the risk of these and other macro-uncertainties, remains committed to its strategy of product differentiation so as to offer its buyer a compelling, yet attractively-priced product.

Our third KL project, Est8@Seputeh continues to sell strongly in what remains an uneven market and we are preparing to launch our fourth KL project, Helix2@PJSouth which will diversify our offering in Malaysia's capital into the affordable yet luxurious home segment.

**EUPE CORPORATION BERHAD***[Registration No.: 199601005416 (377762-V)]***NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B4 Profit Forecast**

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

B5 Taxation

	Quarter and Year-To-Date Ended	
	31.05.2022	31.05.2021
	RM'000	RM'000
Current year taxation	551	1,479
Deferred taxation	393	1,157
	<u>944</u>	<u>2,636</u>

The Group's effective tax rate in Q1FY2023 was lower than the statutory tax rate in Malaysia mainly due to the gain from disposal of foreign subsidiary which is not subject to tax.

B6 Profit Before Tax

The following amounts have been included in arriving at Profit Before Tax:

	Quarter and Year-To-Date Ended	
	31.05.2022	31.05.2021
	RM'000	RM'000
Interest income	550	233
Gain on disposal of a subsidiary	9,223	-
Gain on disposal of fixed assets	8	-
Other income	442	711
Interest expense	(387)	(605)
Depreciation and amortisation	(824)	(825)
Fixed assets written off	(2)	-
Loss on disposal of property, plant and equipment	-	(15)
Loss on disposal of a subsidiary	<u>(2)</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B7 Status of Corporate Proposal**

On 23 May 2022, EBSB entered into a conditional Sale and Purchase Agreement with Cahaya Tinggi Sdn Bhd for the acquisition of a parcel of leasehold land of Lot 20034, Seksyen 69, Bandar Kuala Lumpur measuring approximately 4.812 acres (or 19,474 square meters) for a purchase consideration of RM125.0 million, which will be satisfied entirely in cash (“Proposed Acquisition”).

The Proposed Acquisition is subject to the following approvals:-

- i) the approval of the state authority of Kuala Lumpur (“**State Authority**”) to transfer the Belfield Land to EBSB due to the restriction in interest contained in the individual issue document of title to the Belfield Land (“**Document of Title**”), which was obtained on 9 June 2022;
- ii) the approval of the State Authority to charge the Belfield Land in favour of EBSB’s financier due to the restriction in interest contained in the Document of Title;
- iii) the approval of the shareholders of EUPE at an extraordinary general meeting to be convened on 25 August 2022. For shareholders’ information, the highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities was approximately 31.68%, calculated based on the Purchase Consideration against the net assets attributable to the owners of the Company for the FYE 28 February 2021 as announced on 23 May 2022; and
- iv) approval of any other relevant authority, if required.

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Acquisition is expected to be completed by the second half of 2022.

B8 Group Borrowings and Debt Securities

The Group borrowings and debt securities as at 31 May 2022 were as follows:

	Non-current RM'000	Current RM'000	Total RM'000
Secured			
Term loans	75,596	15,778	91,374
Revolving credits	-	6,000	6,000
Bank overdrafts	-	2,576	2,576
Hire purchase liabilities	508	192	700
	<u>76,104</u>	<u>24,546</u>	<u>100,650</u>

B9 Changes in Material Litigation

Save as disclosed in appendix A14, there was no other material litigation against the Group as at the reporting date.



EUPE CORPORATION BERHAD

[Registration No.: 199601005416 (377762-V)]

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2022

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B10 Dividend

No dividends were paid during the financial quarter and year-to-date ended 31 May 2022.

B11 Earnings Per Share

The earnings per share ("EPS") have been calculated by dividing the Group's net profit attributable to equity holders for the financial quarter and year-to-date ended by the weighted average number of ordinary shares in issue during the financial quarter and year-to-date.

	Quarter and Year-To-Date Ended	
	31.05.2022	31.05.2021
Basic EPS		
Net profit attributable to equity holders of the Company (RM'000)	<u>10,358</u>	<u>5,191</u>
Weighted average number of ordinary shares ('000)	<u>128,000</u>	<u>128,000</u>
Basic earnings per share (sen)	<u>8.09</u>	<u>4.06</u>

B12 Authorised for Issue

The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 July 2022.