



**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 30 NOVEMBER 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 30 NOVEMBER 2022

	Quarter Ended		Year-To-Date	
	30.11.2022 RM'000	30.11.2021 RM'000	30.11.2022 RM'000	30.11.2021 RM'000
Revenue	47,965	58,604	123,193	145,664
Cost of sales	(35,156)	(37,565)	(89,417)	(98,488)
Gross profit	12,809	21,039	33,776	47,176
Other operating income	792	583	12,651	2,053
Marketing and distribution expenses	(1,618)	(1,782)	(4,968)	(4,758)
Administrative expenses	(5,013)	(3,574)	(15,848)	(11,077)
Other operating expenses	(794)	(921)	(2,660)	(2,658)
Finance costs	(811)	(689)	(1,709)	(1,872)
<b>Profit before tax</b>	<b>5,365</b>	<b>14,656</b>	<b>21,242</b>	<b>28,864</b>
Tax expense	(2,081)	(3,641)	(4,488)	(7,987)
<b>Profit for the period</b>	<b>3,284</b>	<b>11,015</b>	<b>16,754</b>	<b>20,877</b>
<b>Other comprehensive income</b>				
Foreign currency translation differences for foreign operation	-	-	-	3
<b>Total comprehensive income for the period</b>	<b>3,284</b>	<b>11,015</b>	<b>16,754</b>	<b>20,880</b>
<b>Profit attributable to:</b>				
Equity holders of the Company	2,260	8,431	14,847	16,309
Non-controlling interests	1,024	2,584	1,907	4,568
	3,284	11,015	16,754	20,877
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	3,284	8,431	14,847	16,311
Non-controlling interest	-	2,584	1,907	4,569
	3,284	11,015	16,754	20,880
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (sen)	1.77	6.59	11.60	12.74

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 30 NOVEMBER 2022**

	AS AT 30.11.2022 RM'000	AS AT 28.02.2022 RM'000	Movement RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	57,359	58,770	(1,411)
Right-of-use assets	978	1,408	(430)
Inventories - land held for property development	283,839	141,782	142,057
Investment properties	41,270	44,020	(2,750)
Deferred tax assets	2,665	3,540	(875)
	<u>386,111</u>	<u>249,520</u>	<u>136,591</u>
<b>Current assets</b>			
Inventories - property development costs	131,598	91,035	40,563
Inventories - completed properties and others	24,504	30,900	(6,396)
Contract costs	14,799	6,682	8,117
Contract assets	38,076	21,269	16,807
Trade and other receivables	66,764	110,466	(43,702)
Sinking funds	683	674	9
Tax recoverable	2,091	585	1,506
Cash and cash equivalents	109,891	99,565	10,326
	<u>388,406</u>	<u>361,176</u>	<u>27,230</u>
<b>TOTAL ASSETS</b>	<u>774,517</u>	<u>610,696</u>	<u>163,821</u>

**EUPE CORPORATION BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2022 (CONT'D)**

	AS AT 30.11.2022 RM'000	AS AT 28.02.2022 RM'000	Movement RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	133,982	133,982	-
Reserves	293,814	281,065	12,749
	<u>427,796</u>	<u>415,047</u>	<u>12,749</u>
Non-controlling interests	18,620	37,507	(18,887)
<b>TOTAL EQUITY</b>	<u>446,416</u>	<u>452,554</u>	<u>(6,138)</u>
<b>Non-current liabilities</b>			
Long-term borrowings	185,575	45,730	139,845
Lease liabilities	700	869	(169)
Deferred tax liabilities	13,299	12,143	1,156
	<u>199,574</u>	<u>58,742</u>	<u>140,832</u>
<b>Current liabilities</b>			
Contract liabilities	16,790	1,047	15,743
Trade and other payables	85,688	67,464	18,224
Provisions	10,707	10,917	(210)
Short-term borrowings	14,057	17,016	(2,959)
Lease liabilities	314	559	(245)
Current tax payables	971	2,397	(1,426)
	<u>128,527</u>	<u>99,400</u>	<u>29,127</u>
<b>TOTAL LIABILITIES</b>	<u>328,101</u>	<u>158,142</u>	<u>169,959</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>774,517</u>	<u>610,696</u>	<u>163,821</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>3.34</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 YEAR-TO-DATE ENDED 30 NOVEMBER 2022**

	← 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	
<b>At 1 March 2022</b>	133,982	(206)	281,271	415,047	37,507	452,554
Profit for the financial period	-	-	14,847	14,847	1,907	16,754
Disposal of interests in subsidiaries	-	206	-	206	(18)	188
Dividend payable	-	-	(2,304)	(2,304)	(20,776)	(23,080)
<b>At 30 November 2022</b>	<u>133,982</u>	<u>-</u>	<u>293,814</u>	<u>427,796</u>	<u>18,620</u>	<u>446,416</u>
<b>At 1 March 2021</b>	133,982	(208)	259,742	393,516	42,446	435,962
Profit for the financial period	-	-	16,309	16,309	4,568	20,877
Other comprehensive income	-	2	-	2	1	3
Total comprehensive income	-	2	16,309	16,311	4,569	20,880
Change in interest in a subsidiary	-	-	(3)	(3)	3	-
<b>At 30 November 2021</b>	<u>133,982</u>	<u>(206)</u>	<u>276,048</u>	<u>409,824</u>	<u>47,018</u>	<u>456,842</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 YEAR-TO-DATE ENDED 30 NOVEMBER 2022**

	Year-To-Date Ended	
	30.11.2022	30.11.2021
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	167,329	96,098
Cash payments to suppliers and creditors	(258,746)	(80,710)
Cash payments to employees and for expenses	(22,370)	(33,068)
Cash used in operations	(113,787)	(17,680)
Deposit received	516	-
Deposit paid	(2,918)	-
Bank overdraft interest paid	(136)	(128)
Rental income received	614	641
Tax refunded	-	297
Tax paid	(5,358)	(11,885)
Net cash used in operating activities	(121,069)	(28,755)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	1,347	517
Proceed from disposal of property, plant and equipment	122	-
Proceed from disposal of investment properties	2,606	1,029
Purchase of property, plant and equipment	(693)	(247)
Purchase of right-of-use assets	-	(1,040)
Net changes in fixed deposits pledged	4,212	(4,708)
Net proceeds from disposal of subsidiaries	9,471	-
Net cash generated from/(used in) investing activities	17,065	(4,449)

**EUPE CORPORATION BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL YEAR-TO-DATE ENDED 30 NOVEMBER 2022 (CONT'D)**

	Year-To-Date Ended	
	30.11.2022 RM'000	30.11.2021 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	155,041	18,148
Repayment of term loans	(25,269)	(7,287)
Drawdown of revolving credits	11,000	33,260
Repayment of revolving credits	(5,000)	(26,795)
Net repayment of bankers' acceptance	-	(1,613)
Net repayment of invoice financing	-	(3,232)
Net repayment of hire purchase	(33)	(181)
Net (repayment)/creation of lease liabilities	(414)	754
Term loans interest paid	(2,090)	(4,518)
Revolving credits interest paid	(777)	(11)
Bankers' acceptance interest paid	(2)	-
Invoice financing interest paid	-	(11)
Hire purchase interest paid	(23)	(32)
Lease liabilities interest paid	(37)	(12)
 Net cash generated from financing activities	 117,396	 8,470
 Net increase/(decrease) in cash and cash equivalents	 <hr/> 13,392	 <hr/> (24,734)
 Effect of exchange rate changes	 -	 3
Cash and cash equivalents at beginning of financial year	81,807	59,902
Cash and cash equivalents at end of financial period	<hr/> 95,199	<hr/> 35,171
 Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	48,150	37,333
Fixed deposits with licensed banks	61,741	20,051
	<hr/> 109,891	<hr/> 57,384
Less: Bank overdraft	(3,697)	(2,479)
Deposits pledged as collateral	(10,995)	(19,734)
	<hr/> 95,199	<hr/> 35,171

*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 30 NOVEMBER 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 30 NOVEMBER 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 30 NOVEMBER 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 30 November 2022 were not materially affected by seasonal or cyclical factors, except for the Chalet & 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 30 November 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 30 November 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 30 November 2022.

**A8 Dividend Paid**

No dividends were paid during the financial quarter and year-to-date ended 30 November 2022.

**EUPE CORPORATION BERHAD**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2022****Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)****A9 Segmental Reporting****Financial Year-To-Date Ended 30 November 2022**

	<b>Property Development RM'000</b>	<b>Property Construction RM'000</b>	<b>Chalet &amp; Golf Management RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	105,429	31,480	4,881	2,452	144,242
Elimination of inter- segment revenue	-	(20,558)	-	(491)	(21,049)
	<u>105,429</u>	<u>10,922</u>	<u>4,881</u>	<u>1,961</u>	<u>123,193</u>
Segment results	15,208	(338)	(1,730)	8,464	21,604
Interest income	1,286	47	12	2	1,347
Finance costs	(1,365)	(7)	(337)	-	(1,709)
Profit/(Loss) before tax	<u>15,129</u>	<u>(298)</u>	<u>(2,055)</u>	<u>8,466</u>	<u>21,242</u>
Tax expense	(3,928)	(511)	122	(171)	(4,488)
Profit/(Loss) for the period	<u>11,201</u>	<u>(809)</u>	<u>(1,933)</u>	<u>8,295</u>	<u>16,754</u>

**As At 30 November 2022****Assets**

Segment assets	<u>642,966</u>	<u>32,366</u>	<u>48,555</u>	<u>50,630</u>	<u>774,517</u>
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**Liabilities**

Segment liabilities	98,871	16,019	6,729	6,850	128,469
Borrowings	<u>191,980</u>	<u>163</u>	<u>7,489</u>	<u>-</u>	<u>199,632</u>
	<u>290,851</u>	<u>16,182</u>	<u>14,218</u>	<u>6,850</u>	<u>328,101</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2022**

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

**A9 Segmental Reporting (cont'd)**

**Financial Year-To-Date Ended 30 November 2021**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	134,242	36,025	3,614	2,672	176,553
Elimination of inter- segment revenue	-	(29,964)	(139)	(786)	(30,889)
	134,242	6,061	3,475	1,886	145,664
Segment results	33,310	(865)	(1,734)	(492)	30,219
Interest income	475	16	22	4	517
Finance costs	(1,515)	(28)	(327)	(2)	(1,872)
Profit/(Loss) before tax	32,270	(877)	(2,039)	(490)	28,864
Tax expense	(7,393)	(373)	(1)	(220)	(7,987)
Profit/(Loss) for the period	24,877	(1,250)	(2,040)	(710)	20,877

**As At 30 November 2021**

<b>Assets</b>					
Segment assets	515,625	18,862	50,158	51,267	635,912
<b>Liabilities</b>					
Segment liabilities	64,931	9,943	6,912	3,444	85,230
Borrowings	77,185	8,859	7,796	-	93,840
	142,116	18,802	14,708	3,444	179,070

**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 30 NOVEMBER 2022**

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

**A12 Significant Event Subsequent to the Reporting Period**

There were no significant events which have arisen since 30 November 2022 up to the date of this report, which would substantially affect the financial results of the Group for the nine-month period ended 30 November 2022.

**A13 Changes in Composition of the Group**

There were no changes in the composition of the Group for the financial quarter and year-to-date ended 30 November 2022 save for the following:

- i) On 1 April 2022, the Company entered into a Share Sale Agreement with LYM Investments Pty. Ltd. for the disposal of its entire 70% equity stake in 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, namely Eupe Belfield Sdn. Bhd. ("EBSB"). The principal activity of EBSB is to carry out the business of property development.

**A14 Contingent Liabilities and Assets**

The contingent liabilities of the Group for the nine-month period ended 30 November 2022 amounted to RM7.8 million representing claims for liquidated ascertained damages in respect of one of the residential projects undertaken by the Group, should the claims be successful.

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

**A15 Capital Commitments**

Capital commitments of the Group are as follows:

	<b>30.11.2022</b>	<b>28.02.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Approved and contracted for:</b>		
- Development lands acquired under Sale and Purchase Agreement	13,315	36,000

Kindly refer to Note B7 for more information.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2022****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		
	30.11.2022	30.11.2021	Changes	30.11.2022	30.11.2021	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	41,752	54,292	(12,540)	105,429	134,242	(28,813)
Property Construction	4,078	2,394	1,684	10,922	6,061	4,861
Chalet & Golf Management	1,486	1,354	132	4,881	3,475	1,406
Others	649	564	85	1,961	1,886	75
<b>Total</b>	<b>47,965</b>	<b>58,604</b>	<b>(10,639)</b>	<b>123,193</b>	<b>145,664</b>	<b>(22,471)</b>

Pre-tax Profit/(Loss)	Quarter Ended			Year-To-Date		
	30.11.2022	30.11.2021	Changes	30.11.2022	30.11.2021	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	6,337	15,666	(9,329)	15,129	32,270	(17,141)
Property Construction	83	(429)	512	(298)	(877)	579
Chalet & Golf Management	(808)	(543)	(265)	(2,055)	(2,039)	(16)
Others	(247)	(38)	(209)	8,466	(490)	8,956
<b>Total</b>	<b>5,365</b>	<b>14,656</b>	<b>(9,291)</b>	<b>21,242</b>	<b>28,864</b>	<b>(7,622)</b>

**Overview:****Q3FY2023 vs Q3FY2022**

The Group recorded lower total revenue and pre-tax profit for the financial quarter ended 30 November 2022 ("Q3FY2023"), compared to the corresponding financial quarter ("Q3FY2022"). The Group's revenue totalled RM48.0 million for Q3FY2023, a decrease of RM10.6 million or 18.1% compared to RM58.6 million in Q3FY2022. The Group's pre-tax profit for Q3FY2023 was lower by RM9.3 million or 63.3%, totalling RM5.4 million compared to RM14.7 million recorded for Q3FY2022.

**9MFY2023 vs 9MFY2022**

The Group posted revenue and pre-tax profit of RM123.2 million and RM21.2 million respectively for the nine-month period ended 30 November 2022 ("9MFY2023"). Compared to the corresponding financial period ("9MFY2022"), this represented a decrease in revenue and pre-tax profit of RM22.5 million or 15.4%, and RM7.6 million or 26.3% respectively.

These decreases were mainly attributed to lower contributions from several projects completed in the previous financial year in both the Property Development Division's Central and Northern Regions.

Further explanatory comments on the performance of each of the Group's business divisions are outlined in the following pages.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 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 for the quarter under review, is as follows:

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

The PDD recorded revenue of RM41.8 million in Q3FY2023, a decrease of RM12.5 million or 23.0% from RM54.3 million recorded in Q3FY2022.

Central Region – Quarter-on-quarter ("QoQ") revenue recorded a decline of RM3.5 million due to vacant possession of the Group's second Kuala Lumpur ("KL") project, **Parc3@KL South ("Parc3")** in December 2021. The decline was partially offset by solid revenue contributions from the Group's third and fourth KL project, namely **Est8@Seputeh ("Est8")** and **Helix2@PJ South ("Helix2")**, which were launched in November 2021 and August 2022 respectively.

Northern Region – PDD's Northern Region reported a reduction in revenue of RM9.0 million QoQ, due to the completion of seven phases of projects at **Astana Parkhome A** and **Puncak Surya** in the previous financial year. The slowing of site progress at four nearly completing projects at **Astana Parkhome B** and **Padang Serai Ria Heights @ Sungai Petani, Kedah** also contributed to the lower revenue outcome.

At the same time, the Group was able to achieve higher sales take up rate and site progress with six phases of ongoing township residential projects including **Astana Parkhome A**, **Bandar Seri Astana B2**, **Cinta Sayang Resort Villas** and **Padang Serai Ria Heights**. Additionally, the Group also launched two new phases of projects as part of its **Astana Parkhome A** and **The Somerset** developments in September 2022.

PDD's pre-tax profit totalled RM6.4 million in Q3FY2023, a decrease of RM9.3 million or 59.2% from RM15.7 million in Q3FY2022, due to lower and no further revenue and profit contributions from completed projects in both Central and Northern Regions, which were handed over to purchasers in the previous financial year.

PDD's recorded revenue of RM105.4 million in 9MFY2023, a decrease of RM28.8 million or 21.5% from RM134.2 million in 9MFY2022. This resulted in lower pre-tax profit of RM15.1 million in 9MFY2023, a decrease of RM17.1 million or 53.1% from RM32.2 million in 9MFY2022. The decline in pre-tax profit was likewise the result of lower revenue contributions resulting from the completion of **Parc3** in Central Region and seven phases of projects in Northern Region, as outlined above.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2022**

**Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)**

**B1 Review of Performance (cont'd)**

**Property Construction Division (“PCD”)**

PCD’s revenue is solely derived from the supply of building materials to subcontractors.

PCD saw an improvement in revenue of RM1.7 million or 70.8%, to RM4.1 million in Q3FY2023 compared to RM2.4 million in Q3FY2022. As a result, PCD recorded a pre-tax profit of RM0.1 million in Q3FY2023, compared to pre-tax loss of RM0.4 million in Q3FY2022.

Similarly, PCD recorded higher revenue of RM10.9 million in 9MFY2023, compared to RM6.1 million in 9MFY2022. This represented an increase in revenue of RM4.8 million or 78.7%. PCD’s pre-tax loss of RM0.3 million in 9MFY2023 was reduced by RM0.6 million from its pre-tax loss of RM0.9 million a year ago.

These improvements in its financial performances were primarily due to higher demand for building materials as the construction industry continues its post-COVID recovery.

**Chalet & Golf Management Division (“CGMD”)**

CGMD recorded revenue of RM1.5 million in Q3FY2023, an increase of RM0.1 million or 7.1% from RM1.4 million in Q3FY2022. This was due to **Cinta Sayang Resort’s** revenue contributions from its room occupancy, banquet events and golfing activities continuing to improve following the lifting of COVID-related movement restrictions which significantly affected **Cinta Sayang Resort’s** performance during the corresponding period in the previous year.

However, due to higher administrative costs which is in line with the resuming of the improved business activities, CGMD recorded slightly higher pre-tax loss of RM0.8 million in Q3FY2023, compared to pre-tax loss of RM0.5 million in Q3FY2022.

Similarly, CGMD reported a higher revenue by RM1.4 million, while its pre-tax loss for 9MFY2023 was broadly consistent to that recorded in 9MFY2022, attributable to similar reasons above.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2022****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B1 Review of Performance (cont'd)****Others**

The Others' division revenue represents rental from the Group's investment properties. Revenue increased marginally by RM0.1 million for both Q3FY2023 and 9MFY2023, compared to Q3FY2022 and 9MFY2022 respectively.

However, the division recorded slightly higher pre-tax loss by RM0.2 million in Q3FY2023, compared to Q3FY2022 was due to higher administrative costs.

The division, nevertheless, achieved higher pre-tax profit of RM8.5 million in 9MFY2023, a significant increase of RM9.0 million from pre-tax loss of RM0.5 million in 9MFY2022, resulting from the gain on disposal of the Group's Australian-based subsidiaries.

**B2 Material Changes in the Quarter Results**

	Quarter Ended		
	30.11.2022	31.08.2022	Changes
	RM'000	RM'000	RM'000
Revenue	47,965	43,413	4,552
Pre-tax profit	5,365	4,489	876

The Group reported quarter over quarter increase in revenue and pre-tax profit of RM4.6 million and RM0.9 million respectively as against the immediate preceding quarter ended 31 August 2022, primarily due to contributions from the PDD's Central Region's projects, as sales take-up rates and site progress at **Est8** increased progressively, and from the launch of **Helix2**.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2022**

**Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)**

**B3 Prospects**

A weakening in global demand, due to inflationary pressures and higher interest rates imposed by central banks, is now expected to create headwinds for the Malaysian economy. The relatively strong rebound in consumers' sentiment and spending last year following the relaxation of COVID-related movement restrictions will probably slow down.

According to latest economist forecasts, Malaysia's recent above-trend growth will be moderated over the course of the next 12 months.

The Group will continue to monitor the labour market statistics, which have remained strong. The ongoing post-COVID upswing in tourism has indeed increased the demand for human resources.

The recent Malaysia's 15<sup>th</sup> general election has removed a level of uncertainty in the economy. The focus for the new government will likely be offsetting the impacts of inflation and other cost of living pressures, expecting from the revised Budget 2023 which will be tabled on 24 February 2023.

In view of the relatively strong underlying demand for housing, robust employment conditions, and ongoing government policy support to keep consumers' sentiment relatively resilient, the property market outlook is expecting to be positive in year 2023. The global economy remains prone to some ongoing risks such as interest rates continue to rise and geopolitical uncertainties remain, but the impact will likely be moderated by domestic government policies.

Despite high levels of uncertainty continuing to characterise global and national economic conditions, which will flow through to some extent to the local property sector, the Group remains focused on delivering competitive and differentiated property product, particularly as its continuing planning work on the Group's next KL project and the biggest project to-date – at Belfield.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 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 Ended		Year-To-Date Ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
	RM'000	RM'000	RM'000	RM'000
Current year taxation	1,146	949	2,457	5,540
Deferred taxation	935	2,692	2,031	2,447
	<u>2,081</u>	<u>3,641</u>	<u>4,488</u>	<u>7,987</u>

The Group's effective tax rate in Q3FY2023 was higher than the statutory tax rate in Malaysia mainly due to certain expenses not deductible for tax purposes and losses in certain subsidiaries which are not available to set off against taxable profits of other subsidiaries. However, the effective tax rate in 9MFY2023 was lower than the statutory tax rate in Malaysia mainly attributed to the gain on disposal of foreign subsidiaries which is not subject to tax.

**B6 Profit Before Tax**

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

	Quarter Ended		Year-To-Date Ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
	RM'000	RM'000	RM'000	RM'000
Interest income	337	148	1,347	517
Gain on disposal of a subsidiary	-	-	9,223	-
Gain on disposal of an investment property	-	-	49	-
Gain on disposal of property, plant and equipment	-	3	50	18
Other income	455	435	1,982	1,536
Interest expense	(811)	(689)	(1,709)	(1,872)
Depreciation and amortisation	(794)	(789)	(2,460)	(2,439)
Bad debts written off	-	(102)	-	(102)
Fixed assets written off	-	*	(2)	*
Loss on disposal of a subsidiary	-	-	(2)	-
Loss on disposal of an investment property	-	(131)	(194)	(131)

\* Denotes less than thousand

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2022****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B7 Status of Corporate Proposal**

On 24 November 2022, the Company's indirect wholly-owned subsidiary, Eupe Land Development Sdn. Bhd. entered into a second Sale and Purchase Agreement ("Second SPA") with Sing Ta Nian Development Sdn. Bhd. for the acquisition of the second parcel of freehold land measuring approximately 20.58 acres (or 83,284 square meters), being part of Lot 60030 Seksyen 64, Bandar Sungai Petani, Daerah Kuala Muda, Negeri Kedah held under Geran No. Hakmilik 219000 (previously known as Lot PT 2268 held under Title No. H.S.(D) 120607, Bandar Amanjaya, Daerah Kuala Muda, Negeri Kedah) with an aggregate area of about 128.99 acres (or 522,000 square meters) for a total cash consideration of RM15.3 million ("Proposed Acquisition").

Barring any unforeseen circumstances and subject to the fulfilment of all conditions as stipulated in the Second SPA, the Proposed Acquisition is expected to be completed within six months from the date of the Second SPA.

**B8 Group Borrowings and Debt Securities**

The Group borrowings and debt securities as at 30 November 2022 were as follows:

	Non-current RM'000	Current RM'000	Total RM'000
<b>Secured</b>			
Term loans	184,917	4,288	189,205
Revolving credits	-	6,000	6,000
Bank overdrafts	-	3,697	3,697
Hire purchase liabilities	658	72	730
	185,575	14,057	199,632

**B9 Changes in Material Litigation**

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

**B10 Dividend**

On 27 October 2022, the Board of Directors has approved and declared an interim single tier dividend of 1.8 sen (9MFY2022: 1.5 sen) per ordinary share amounting to approximately RM2.3 million in respect of the financial year ending 28 February 2023. The interim dividend was paid on 14 December 2022 to shareholders whose names appear on the Company's Record of Depositors on 30 November 2022.



## EUPE CORPORATION BERHAD

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2022

#### Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

##### B11 Earnings Per Share

The earnings per share ("EPS") have been calculated by dividing the Group's net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

	Quarter Ended		Year-To-Date Ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
<b>Basic EPS</b>				
Net profit attributable to equity holders of the Company (RM'000)	<u>2,260</u>	<u>8,431</u>	<u>14,847</u>	<u>16,309</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>1.77</u>	<u>6.59</u>	<u>11.60</u>	<u>12.74</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 19 January 2023.