

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)**(Incorporated in Malaysia under the Companies Act, 1965)***PART A2 : SUMMARY OF KEY FINANCIAL INFORMATION****SUMMARY OF KEY FINANCIAL INFORMATION  
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2014**

	3 Months Ended		3 Months Ended	
	Current Quarter <b>31 MAY 2014</b> RM '000	Corresponding Quarter <b>31 MAY 2013</b> RM '000	Current Period to date <b>31 MAY 2014</b> RM '000	Corresponding Period to date <b>31 MAY 2013</b> RM '000
1. Revenue	46,602	36,700	46,602	36,700
2. Profit/(loss) before tax	1,531	2,709	1,531	2,709
3. Profit/(loss) for the period	815	1,774	815	1,774
4. Profit/(loss) attributable to ordinary equity holders of the parent	731	1,547	731	1,547
5. Basic earnings/ (loss) per shares (sen)	0.57	1.21	0.57	1.21
6. Proposed/declared dividend per share (sen)	0.00	0.00	0.00	0.00

	AS AT END OF CURRENT QUARTER	AS AT PRECEEDING FINANCIAL PERIOD END
7. Net assets per share attributable to ordinary equity holders of the parent (RM)	2.14	2.13

**EUPE CORPORATION BERHAD***(Company No.: 37762-V)**(Incorporated in Malaysia under the Companies Act, 1965)***CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****for the financial period ended 31 May 2014***(The figures have not been audited)*

	3 MONTHS ENDED		3 MONTHS ENDED	
	CURRENT QUARTER	CORRESPONDING QUARTER	CURRENT PERIOD TO DATE	CORRESPONDING PERIOD TO DATE
	31/05/2014 RM'000	31/05/2013 RM'000	31/05/2014 RM'000	31/05/2013 RM'000
REVENUE	46,602	36,700	46,602	36,700
COST OF SALES	(41,032)	(31,010)	(41,032)	(31,010)
GROSS PROFIT	5,570	5,690	5,570	5,690
OTHER OPERATING INCOME	2,708	366	2,708	366
MARKETING AND DISTRIBUTION COSTS	(3,654)	(468)	(3,654)	(468)
ADMINISTRATION EXPENSES	(2,276)	(2,030)	(2,276)	(2,030)
OTHER OPERATING EXPENSES	(834)	(422)	(834)	(422)
FINANCE COST	(332)	(427)	(332)	(427)
SHARE OF RESULT IN JOINT VENTURES	349	-	349	-
PROFIT BEFORE TAX	1,531	2,709	1,531	2,709
TAX EXPENSE	(716)	(935)	(716)	(935)
PROFIT FOR THE YEAR	815	1,774	815	1,774
UNREALISED GAIN / (LOSS) ON FOREIGN EXCHANGE	149	-	149	-
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	14	-	14	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	978	1,774	978	1,774
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE COMPANY	731	1,547	731	1,547
MINORITY INTEREST	84	227	84	227
	815	1,774	815	1,774
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE COMPANY	894	1,547	894	1,547
MINORITY INTEREST	84	227	84	227
	978	1,774	978	1,774
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:				
BASIC EARNINGS PER SHARE (SEN)	0.57	1.21	0.57	1.21
DILUTED EARNINGS PER SHARE (SEN)	0.57	1.21	0.57	1.21

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 28 February 2014 and the accompanying explanatory notes attached to the financial Statements)**

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)**(Incorporated in Malaysia under the Companies Act, 1965)***CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 31 May 2014

(The figures have not been audited)

	AS AT 31/05/2014 RM'000	AS AT 28/02/2014 RM'000
<b><u>ASSETS</u></b>		
PROPERTY, PLANT AND EQUIPMENT	74,689	74,810
OTHER INVESTMENTS	13	13
LAND HELD FOR PROPERTY DEVELOPMENT	143,372	151,885
INVESTMENT PROPERTIES	33,717	31,221
INVESTMENTS IN JOINT VENTURES	2,992	2,595
DEFERRED PLANTATION EXPENDITURES	-	4
DEFERRED TAX ASSETS	1,117	1,097
<b>CURRENT ASSETS</b>		
Property development costs	57,627	50,058
Inventories	15,102	15,754
Trade and other receivables	77,944	67,798
Sinking and redemption funds	246	239
Tax recoverable	662	865
Cash and bank balances	19,062	22,079
	<u>170,643</u>	<u>156,793</u>
<b>TOTAL ASSETS</b>	<u>426,543</u>	<u>418,418</u>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	128,000	128,000
Reserves	145,890	144,995
	<u>273,890</u>	<u>272,995</u>
Minority interest	5,172	5,089
	<u>279,062</u>	<u>278,084</u>
<b>LONG TERM AND DEFERRED LIABILITIES</b>		
Borrowings	28,508	28,361
Deferred taxation	16,757	16,756
	<u>45,265</u>	<u>45,117</u>
<b>CURRENT LIABILITIES</b>		
Progress Billings	31,423	29,139
Trade and other payables	39,607	31,553
Provision for infrastructure & renovation cost	3,787	3,777
Borrowings	25,948	29,359
Tax liabilities	1,451	1,389
	<u>102,216</u>	<u>95,217</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>426,543</u>	<u>418,418</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)</b>		
	<u>2.14</u>	<u>2.13</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 28 February 2014 and the accompanying explanatory notes attached to the financial Statements)



**EUPE CORPORATION BERHAD**

(Company No.: 377762-V)  
(Incorporated in Malaysia under the Companies Act, 1965)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**for the financial period ended 31 May 2014**

(The figures have not been audited)

	--- ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENTS ---				MINORITY INTEREST	TOTAL EQUITY
	Share capital RM'000	Share premium RM'000	Exchange Translation reserve RM'000	Retained profits RM'000		
Balance as at 1 March 2014	128,000	5,982	13	139,001	5,088	278,084
Additional minority interest' shares in subsidiary companies	-	-	-	-	-	-
Total comprehensive income	-	-	14	880	84	978
Dividend paid	-	-	-	-	-	-
Balance as at 31 May 2014	<u>128,000</u>	<u>5,982</u>	<u>27</u>	<u>139,881</u>	<u>5,172</u>	<u>279,062</u>
Balance as at 1 March 2013	128,000	5,982	-	127,882	8,021	269,885
Additional minority interest' shares in subsidiary companies	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,547	227	1,774
Dividend paid	-	-	-	-	-	-
B:Balance as at 31 May 2013	<u>128,000</u>	<u>5,982</u>	<u>-</u>	<u>129,429</u>	<u>8,248</u>	<u>271,659</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 28 February 2014 and the accompanying explanatory notes attached to the financial statement)

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)**(Incorporated in Malaysia under the Companies Act, 1965)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW****for the financial period ended 31 May 2014****(The figures have not been audited)**

	<b>3 MONTHS ENDED</b>	
	<b>31/05/2014</b>	<b>31/05/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	42,926	37,477
Cash payments to suppliers and creditors	(35,174)	(29,706)
Cash payments to employees and for expenses	(6,138)	(6,993)
Cash generated from operations	<u>1,614</u>	<u>778</u>
Interest expenses - overdraft	(44)	(31)
Rental income received	71	87
Deposit received/(paid)	98	(79)
Insurance compensation received	98	13
Tax paid / (refund)	(476)	(1,577)
Net cash from operating activities	<u>1,361</u>	<u>(809)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	181	188
Dividend received	-	-
Purchase of property, plant and equipment & IP	(1,111)	(399)
Proceed from disposal of property, plant and equipment	-	-
Proceeds from sales of Investment Property	-	-
Subsequent expenditure on investment properties	-	-
Deposit refund / (paid) for acquisition of land	-	-
Gain from foreign exchange -land deposit	-	-
Subscription in ordinary shares of subsidiaries	-	-
Investment from joint ventures	350	450
Other investment	-	-
Fixed deposits released from pledge / (pledge to licensed bank)	(414)	(26)
Net cash used in investing activities	<u>(994)</u>	<u>213</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	-	-
Dividend paid	-	-
Drawdown of revolving credit	344	-
Drawdown of term loan	-	-
Drawdown of hire purchase loan	450	1,077
Net creation of bankers' acceptance	378	1,352
Repayment of revolving credit	(3,590)	-
Repayment of term loan	(1,003)	(1,370)
Repayment of hire purchase loan	(500)	(27)
Term loan interest paid	(502)	(586)
Revolving credit interest paid	(81)	(38)
Discount paid on bankers' acceptance	(63)	(50)
Hire purchase interest paid	(27)	(5)
(Repayment to)/Advance from director	-	-
Net cash used in financing activities	<u>(4,594)</u>	<u>353</u>
Net increase in cash and cash equivalents	<u>(4,227)</u>	<u>(243)</u>
Effect of exchange rate changes	-	-
Cash and cash equivalents at beginning of financial period	18,211	24,858
Cash and cash equivalents at end of financial period	<u><u>13,984</u></u>	<u><u>24,615</u></u>

**(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 28 February 2014 and the accompanying explanatory notes attached to the financial Statements)**



**EUPE CORPORATION BERHAD (377762-V)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2014**

**1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 Interim Financial Reporting and Chapter 9 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 28 February 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 28 February 2014.

**2 Accounting policies**

The accounting policies, methods of computation & basis of consolidation adopted by the Group in the unaudited condensed interim financial statements are consistent with the audited financial statements for the year ended 28 February 2014 except for the adoption of the following new / revised Financial Reporting Standards (FRS), Amendments to FRSs and Interpretations as follows:

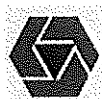
**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

- Amendments to FRS 10 Consolidated Financial Statements – Investment Entities
- Amendments to FRS 12 Disclosure of Interests in Other Entities – Investment Entities
- Amendments to FRS 127 Separate Financial Statements – Investment Entities
- Amendments to FRS 132 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139 – Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

The adoptions of the above FRSs, Amendment to FRSs and IC Interpretations are not expected to have any material impact on the financial statements of the Group.

**Malaysian Financial Reporting Standards (MFRS Framework)**

The Group and the Company fall under the Transitioning Entities provision granted by the MASB because it is within the scope of IC 15 Agreements for the Construction of Real Estate and FRS 141 Agriculture. On 7 August 2013, MASB extended the transitional period for another year. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.



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Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 28 February 2015. In presenting the Group's first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

**3 Audit Report Qualification**

The audited reports for the financial year ended 28 February 2014 were not subject to any qualification

**4 Seasonal or cyclical factors**

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

**5 Exceptional or unusual items**

There were no exceptional or unusual items for the current financial period.

**6 Change in estimates of amounts reported previously**

There were no changes in estimates reported in prior periods that have a material effect on the current financial period.

**7 Debt and equity securities**

There were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current financial period.

**8 Dividend paid**

There was no dividend paid during the current quarter and financial period to date.

**9 Segmental information**

**For 3 months ended 31 May 2014:**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
<b>Revenue</b>	19,079	38,133	2,980	1,921	62,113
<b>Inter-segment</b>	-	(14,141)	-	(1,370)	(15,511)
	<u>19,079</u>	<u>23,992</u>	<u>2,980</u>	<u>551</u>	<u>46,602</u>



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<b>Segment Result</b>	(910)	1,603	(943)	1,982	1,732
Interest income					131
Finance costs					(332)
Profit before taxation					1,531
Taxation					(716)
Profit for the period					815

**For 3 months ended 31 May 2013:**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
<b>Revenue</b>	21,413	26,620	3,321	589	51,943
Inter-segment	-	(15,090)	-	(153)	(15,243)
	21,413	11,530	3,321	436	36,700
<b>Segment Result</b>	2,914	536	(305)	(212)	2,933
Interest income					203
Finance costs					(427)
Profit before taxation					2,709
Taxation					(935)
Profit for the period					1,774

**10 Valuation of property, plant and machinery**

There were no valuation of property, plant and equipment carried out during the current financial period.

**11 Valuation of investment properties**

The value of such are based upon a valuation exercise carried out by independent firms of professional valuers. The valuation methods used in determining the valuation are the comparison method and cost method.

In the current quarter, a gain on revaluation of investment property amounting to RM2.3 million based on the market value of the freehold interest in the subject property in its existing conditions on en bloc basis with vacant possession and free from all encumbrances.

**12 Material events subsequent**

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial report.

**13 Changes in composition of the Group**

There were no changes in the composition of the Group during the financial period.





**EUPE CORPORATION BERHAD (377762-V)**  
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**14 Changes in contingent liabilities and contingent assets**

The changes in contingent liabilities since the last annual balance sheet date made up to 31 May 2014 are as follows: -

	As at 1.3.2014 RM'000	Addition / (Deletion) RM'000	As at 31.5.2014 RM'000
Guarantees given to licensed banks for credit facilities utilised by the subsidiary companies	<u>44,260</u>	<u>-</u>	<u>44,260</u>
Guarantees given to suppliers for credit facilities utilised by the subsidiary companies	<u>1,439</u>	<u>-</u>	<u>1,439</u>
Total guarantees given for credit facilities available to the subsidiary companies	<u>101,017</u>	<u>-</u>	<u>101,017</u>

The provision of financial assistance to third parties will not have any financial impact on the Company unless its subsidiary companies default on payments.

**15 Capital commitments**

The amount of capital commitments not provided for in the interim financial report as at 31 May 2014 is as follows:

	RM'000
Land held for property development:- Approved & uncontracted	<u>72,439</u>

**16 Capital expenditures**

The additions and disposals to the property, plant and equipment during the current financial period to date were as follows:

	RM'000
Purchase of property, plant and equipment	<u>1,111</u>



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**Additional information required by the BMSB's Listing Requirements**

**1 Review of performance**

**Property Development**

In line with our cyclically lower performance in Q1 FYE 2015 compared to the preceding quarter, revenue was RM19.1 million versus RM26.5 million, due mainly to the clearance of stocks in the preceding quarter. Compared to the corresponding quarter, property revenue was 11% lower at RM21.4 million.

Profits before tax (PBT) from operation for Q1 FYE 2015 was RM2.5 million compared to RM 5.9 million in the preceding quarter. This was due to both the lower revenue and the margins. Both the parameters should improve throughout this financial year. Our PBT from operation for Q1 FYE 2015 was similar to the corresponding quarter (RM2.8 million).

We incurred a major branding exercise of RM3.5 million to promote Planet Eupe music Festival during the quarter. This is essentially to help us establish a presence in development market that we were not in. The entire costs have been charged out in the current quarter, leading to us reporting a net Loss Before Tax of RM904 thousand.

**Property Construction**

Revenue for Q1 FYE 2015 was RM24.0 million, compared to RM19.2 million in the preceding quarter and RM11.5 million in the corresponding quarter. This was resulted by our management realignment to boost our internal efficiency. The speeding up of work will spill over to the property development sector subsequently as our percentage completion picks up.

PBT for Q1 FYE 2015 was RM1.5 million, compared to RM1.1 million in the preceding quarter and RM498 thousand in the corresponding quarter.

**Chalet and Golf Division**

The revenue for the Chalet and Golf Division was RM2.9 million, 22% lower than the preceding quarter (RM3.8 million) and 10% lower than the corresponding quarter (RM3.3 million).

The division made a loss of RM 996 thousand versus a loss of RM 1.2 million in the preceding quarter. The result was however much worse than a loss of RM325 thousand in the corresponding quarter.

The management is facing a tough challenge currently. Utility costs, and the upward revision of labour costs due to the minimum wage guidelines have put tremendous pressure on the operation. In addition, the management feels that we should gradually explore higher value market segment instead of focusing purely on the traditional, but low margin market segments. This requires us to incur repair and upgrade costs at the current moment while the results are



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yet to be seen. The management will consider the strategic options carefully and is optimistic of the future of this division.

Others

Revenue for Q1 FYE 2015 was RM551 thousand, 25% lesser than the preceding quarter of RM730 thousand and 10% lower than the corresponding quarter of RM436 thousand.

PBT in Q1 2015 was RM1.9 million, RM2.0 million more than the preceding quarter, and RM2.1 million more than the corresponding quarter, mainly due to revaluation surplus on investment properties.

**2 Variance of results against preceding quarter**

The group achieved revenue of RM 46.6 million in Q1 FYE 2015 which was 7% lower than the preceding quarter. Of this the property and construction sector accounted for 5% shortfalls against the preceding quarter.

The group posted a lower PBT of RM 1.5 million for Q1 FYE 2015 against a PBT of RM 5.6 million in the preceding quarter.

**3 Current year / future prospects**

The property market looks a bit unsettling recently due to the combined impact of GST, interest rate hike and lower market liquidity. The management is adopting a cautious stance.

On the other hand, the recent launches of a few of our projects have been very successful. It reinforces our belief that we have to stay vigilant and to offer better values to our customers.

**4 Profit forecast**

There were no profit forecast or profit guarantee for the current financial period to date.



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**5 Taxation**

	<b>Current Quarter Q1 31 May 2014 RM'000</b>	<b>Preceding Quarter Q1 31 May 2013 RM'000</b>	<b>Current Period To-date 31 May 2014 RM'000</b>	<b>Preceding Period To-date 31 May 2013 RM'000</b>
Current year taxation	735	973	735	973
Deferred taxation	(19)	(38)	(19)	(38)
	<u>716</u>	<u>935</u>	<u>716</u>	<u>935</u>

The effective tax rate for the financial year was higher than the statutory income tax rate in Malaysia due to the losses of certain subsidiaries that were not available for full set off against taxable profits of other subsidiaries and certain expenses which were not deductible for tax purposes.

**6 Status of corporate proposal**

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

**7 Borrowings and debt securities**

The Group borrowings & debts securities as at 31 May 2014 were as follows:

	<b>Secured RM'000</b>
Bank Overdrafts	2,818
Short Term Bank Borrowings	23,130
Long Term Bank Borrowings	28,508
	<u>54,456</u>

The Group has no borrowing and debt securities denominated in foreign currency.

**8 Realised and unrealised profits / losses**

The details of the Group retained earnings as at 31 May 2014 comprised as follows:

	<b>As at 31.5.2014 RM' 000</b>	<b>As at 31.5.2013 RM' 000</b>
Total retained earnings of the Company and its subsidiaries :		
- Realised profits	155,345	145,590
- Unrealised losses	(15,464)	(16,161)
Total retained profits as per consolidated accounts	<u>139,881</u>	<u>129,429</u>



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**9 Changes in material litigation**

There were no material litigations, which would have a material adverse effect on the financial results for the current financial period.

**10 Dividend payable**

No interim dividend was proposed during the current financial quarter under review.

However, the Board has recommended a first and final dividend of 2.0 sen per ordinary share less 25% income tax amounting to RM1.92 million for Q2 FYE 2015.

**11 Earnings per share**

	<b>Current Quarter RM</b>	<b>Year To-period RM</b>
<i>Basic earnings per share</i>		
Net profit attributable to ordinary shareholders (RM'000)	815	815
Weighted average number of ordinary shares ('000)	128,000	128,000
Basic earnings per share (sen)	0.57	0.57

**12 Notes to the Statement of Comprehensive Income**

	<b>Current Quarter RM'000</b>	<b>Period To-date RM'000</b>
Interest income	131	131
Interest expense	(332)	(332)
Other income	275	275
Depreciation and amortization	(1,152)	(1,152)
Provision for write off of receivables	(27)	(27)
Fair value adjustment of Investment Properties	2,302	2,302