



Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD

(Company No. 377762-V)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018**



EUPE CORPORATION BERHAD

(Company No.: 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 2018**

	Quarter Ended		Year To Date Ended	
	31.05.2018	31.05.2017	31.05.2018	31.05.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	76,472	57,714	76,472	57,714
Cost of sales	(53,179)	(44,302)	(53,179)	(44,302)
Gross profit	23,293	13,412	23,293	13,412
Other operating income	616	448	616	448
Marketing and distribution costs	(2,902)	(3,199)	(2,902)	(3,199)
Administrative expenses	(4,811)	(4,010)	(4,811)	(4,010)
Other operating expenses	(1,040)	(1,320)	(1,040)	(1,320)
Finance costs	(633)	(675)	(633)	(675)
Profit before tax	14,523	4,656	14,523	4,656
Tax expense	(4,100)	(1,588)	(4,100)	(1,588)
Profit for the period	10,423	3,068	10,423	3,068
Other comprehensive expenses				
Foreign currency translation differences for foreign operation	(63)	(512)	(63)	(512)
Total comprehensive income for the period	10,360	2,556	10,360	2,556
Profit attributable to:				
Equity holders of the Company	4,046	990	4,046	990
Non-controlling interest	6,377	2,078	6,377	2,078
	10,423	3,068	10,423	3,068
Total comprehensive income attributable to:				
Equity holders of the Company	3,987	721	3,987	721
Non-controlling interest	6,373	1,835	6,373	1,835
	10,360	2,556	10,360	2,556
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (Sen)				
	3.16	0.77	3.16	0.77

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2018 and the accompanying explanatory notes attached to these Condensed Reports.

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2018**

	AS AT 31.05.2018 RM'000	AS AT 28.02.2018 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	67,867	68,812
Other investments	7	7
Land held for property development	148,430	147,720
Investment properties	50,002	49,905
Deferred tax assets	2,787	2,787
	<u>269,093</u>	<u>269,231</u>
Current assets		
Property development costs	150,807	151,839
Inventories	22,958	23,783
Trade and other receivables	88,017	89,651
Sinking funds	236	247
Tax recoverable	3,207	2,979
Cash and bank balances	44,738	42,536
	<u>309,963</u>	<u>311,035</u>
TOTAL ASSETS	<u>579,056</u>	<u>580,266</u>

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2018 (Contd.)**

	AS AT 31.05.2018 RM'000	AS AT 28.02.2018 RM'000 (AUDITED)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	128,000	128,000
Share premium	5,982	5,982
Reserves	160,432	156,445
	<u>294,414</u>	<u>290,427</u>
Non-controlling interest	29,486	23,113
TOTAL EQUITY	<u>323,900</u>	<u>313,540</u>
Non-current liabilities		
Borrowings	97,054	92,453
Deferred tax liabilities	12,461	12,461
	<u>109,515</u>	<u>104,914</u>
Current liabilities		
Trade and other payables	70,336	79,245
Provision for infrastructure & renovation cost	9,129	10,826
Borrowings	60,747	68,439
Current tax liabilities	5,429	3,302
	<u>145,641</u>	<u>161,812</u>
TOTAL LIABILITIES	<u>255,156</u>	<u>266,726</u>
TOTAL EQUITY AND LIABILITIES	<u>579,056</u>	<u>580,266</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>2.30</u>	<u>2.27</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 2018 and the accompanying explanatory notes attached to these Condensed Reports.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR TO DATE ENDED 31 MAY 2018**

	← Attributable to equity holders of the Company →						
	← Non-distributable →			Distributable			
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000	Non - controlling interest RM'000	Total equity RM'000
At 1 March 2018	128,000	5,982	134	156,311	290,427	23,113	313,540
Profit for the period	-	-	-	4,046	4,046	6,377	10,423
Other comprehensive expenses	-	-	(59)	-	(59)	(4)	(63)
Total comprehensive income	-	-	(59)	4,046	3,987	6,373	10,360
At 31 May 2018	<u>128,000</u>	<u>5,982</u>	<u>75</u>	<u>160,357</u>	<u>294,414</u>	<u>29,486</u>	<u>323,900</u>
At 1 March 2017	128,000	5,982	613	146,721	281,316	8,631	289,947
Profit for the period	-	-	-	990	990	2,078	3,068
Other comprehensive expenses	-	-	(269)	-	(269)	(243)	(512)
Total comprehensive income	-	-	(269)	990	721	1,835	2,556
At 31 May 2017	<u>128,000</u>	<u>5,982</u>	<u>344</u>	<u>147,711</u>	<u>282,037</u>	<u>10,466</u>	<u>292,503</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 2018 and the accompanying explanatory notes attached to these Condensed Reports.

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR TO DATE ENDED 31 MAY 2018**

	Year To Date Ended	
	31.05.2018	31.05.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	81,079	45,593
Cash payments to suppliers and creditors	(62,800)	(56,043)
Cash payments to employees and for expenses	(9,213)	(7,001)
Cash generated from/(used in) operations	9,066	(17,451)
Bank overdraft interest paid	(82)	(47)
Rental income received	127	384
Deposit received/(refunded)	20	(322)
Tax refund	102	124
Tax paid	(2,303)	(1,233)
Net cash generated from/(used in) operating activities	6,930	(18,545)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	180	197
Management fees received	40	63
Purchase of property, plant and equipment	(4)	(282)
Subsequent expenditure on investment properties	(1)	(78)
Net cash generated from/(used in) investing activities	215	(100)

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2018 and the accompanying explanatory notes attached to these Condensed Reports.

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR TO DATE ENDED 31 MAY 2018 (Contd.)**

	Year To Date Ended	
	31.05.2018	31.05.2017
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	33,392	6,862
Repayment of term loan	(31,839)	(6,143)
Drawdown of revolving credit	932	8,510
Repayment of revolving credit	(4,452)	(600)
Net (repayment)/creation of bankers' acceptance and invoice financing	(714)	1,303
Repayment of hire purchase loan	(161)	(166)
Term loan interest paid	(1,492)	(574)
Revolving credit interest paid	(311)	(290)
Discount paid on bankers' acceptance and invoice financing	(28)	(94)
Hire purchase interest paid	(10)	(21)
Fixed deposits pledged to licensed bank	(26)	(1,201)
Net cash (used in)/generated from financing activities	(4,709)	7,586
Net increase/(decrease) in cash and cash equivalents	2,436	(11,059)
Effect of exchange rate changes	(9)	(43)
Cash and cash equivalents at beginning of financial year	34,515	24,132
Cash and cash equivalents at end of financial year	36,942	13,030
Cash and cash equivalents at end of financial year comprise the following :		
Cash and bank balances	31,319	9,780
Fixed deposits with licensed banks	13,419	8,807
	44,738	18,587
Less: Bank overdraft	(5,036)	(2,538)
Deposits pledged as collateral	(2,760)	(3,019)
	36,942	13,030

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2018 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 2018

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* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Condensed Report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 28 February 2018. The explanatory notes attached to the Condensed Report 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 financial year ended 28 February 2018.

Malaysian Financial Reporting Standards Framework (MFRS Framework)

The Group and the Company fall under the Transitioning Entities provision granted by the Malaysia Accounting Standards Board (“MASB”) because it is within the scope of IC 15 *Agreements for the Construction of Real Estate* and FRS 141 *Agriculture*. On 28 October 2015, MASB announced that all transitioning entities shall comply with Malaysian Financial Reporting Standards for annual period beginning on or after 1 January 2018, thus the Group and the Company adopted the MFRS Framework for annual period beginning on or after 1 March 2018.

The adoption of the MFRSs and amendments to MFRSs do not have any significant impact on the Condensed Report of the Group.

A2 Accounting Policies

The accounting policies adopted in preparing the Condensed Report are consistent with those used in the audited financial statements for the financial year ended 28 February 2018 except for the adoption of new standards and amendments to standards and interpretation as follows:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 – 2016 Cycle*
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018

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

A2 Accounting Policies (Contd.)

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2018 (Contd.)

- Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 – 2016 Cycle*
- Amendments to MFRS 140 *Transfers of Investment Property*
- Clarifications to MFRS 15 *Revenue from Contracts with Customers*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*.

MFRS 15 – Revenue from Contracts with Customers

The adoption of MFRS 15 reform the timing of revenue recognition for the property development activities of the Group which requires distinct identification of separate performance obligations in the contract with customer where revenue are recognised when each distinct performance obligation is satisfied, depending on the substance of the contract which may be at a point in time (completion method) or over time (percentage of completion method).

MFRS 9 – Financial Instruments

With the adoption of MFRS 9, the changes principally on the model for assessment of credit risk. MFRS 9 introduced expected credit losses (“ECL”) model on impairment replacing the previously used, incurred loss impairment model in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date.

ECL model involve objective judgement, probability-weighted and through review on all available information relevant to the assessment, incorporating past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date as well as taking into consideration the time value of money. This may have the effect of accelerating the recognition of impairment losses.

Except as disclosed above, the adoption of the above MFRSs, Amendments to MFRSs and Interpretations are not expected to have any material impact on the financial statements of the Group.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018

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

A3 Auditors' Report on Preceding Financial Year Financial Statements

The auditors' report on the financial statements for the financial year ended 28 February 2018 was not subject to any qualification.

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 financial period ended 31 May 2018.

A6 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the financial period ended 31 May 2018.

A7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 May 2018.

The Companies Act 2016 ("the Act"), which come into enforcement on 31 January 2017, abolished the concept of authorised share capital and introduced "no par value shares" regime. Consequently, the amounts standing to the credit of the share premium account shall become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM5,982,000 for purposes as set out in Section 618 (3) of the Act. As at the date of this Condensed Report, the directors have yet to decide on any utilisation of the share premium.

A8 Dividend Paid

There was no dividend paid during the financial period ended 31 May 2018.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018

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

A9 Segmental Reporting

Year To Date Ended 31 May 2018

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	69,904	12,356	2,804	680	85,744
Elimination of inter-segment revenue	-	(9,185)	-	(87)	(9,272)
	<u>69,904</u>	<u>3,171</u>	<u>2,804</u>	<u>593</u>	<u>76,472</u>
Segment Results	16,100	(73)	(982)	(131)	14,914
Interest income	231	6	5	-	242
Finance costs	(390)	(59)	(160)	(24)	(633)
Profit before tax	<u>15,941</u>	<u>(126)</u>	<u>(1,137)</u>	<u>(155)</u>	<u>14,523</u>
Tax expense	(4,047)	-	-	(53)	(4,100)
Profit for the period	<u>11,894</u>	<u>(126)</u>	<u>(1,137)</u>	<u>(208)</u>	<u>10,423</u>

As At 31 May 2018

Assets

Segment assets	<u>443,262</u>	<u>28,470</u>	<u>59,852</u>	<u>47,472</u>	<u>579,056</u>
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Liabilities

Segment liabilities	70,625	14,741	8,449	3,540	97,355
Borrowings	129,045	18,931	7,897	1,928	157,801
	<u>199,670</u>	<u>33,672</u>	<u>16,346</u>	<u>5,468</u>	<u>255,156</u>

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018****Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)****A9 Segmental Reporting (Contd.)****Year To Date Ended 31 May 2018**

	Property Development	Property Construction	Chalet & Golf Management	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	51,412	17,286	2,671	648	72,017
Elimination of inter- segment revenue	-	(14,128)	(88)	(87)	(14,303)
	<u>51,412</u>	<u>3,158</u>	<u>2,583</u>	<u>561</u>	<u>57,714</u>
Segment Results	6,203	(239)	(871)	42	5,135
Interest income	191	1	-	4	196
Finance costs	(388)	(101)	(147)	(39)	(675)
Profit before tax	6,006	(339)	(1,018)	7	4,656
Tax expense	(1,496)	(59)	-	(33)	(1,588)
Profit for the period	<u>4,510</u>	<u>(398)</u>	<u>(1,018)</u>	<u>(26)</u>	<u>3,068</u>

As At 31 May 2017**Assets**

Segment assets	<u>453,705</u>	<u>33,191</u>	<u>64,760</u>	<u>42,106</u>	<u>593,762</u>
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Liabilities

Segment liabilities	123,315	9,989	10,598	3,479	147,381
Borrowings	<u>121,701</u>	<u>22,011</u>	<u>7,466</u>	<u>2,700</u>	<u>153,878</u>
	<u>245,016</u>	<u>32,000</u>	<u>18,064</u>	<u>6,179</u>	<u>301,259</u>

A10 Related Party Disclosures

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

A11 Valuation of Property, Plant & Equipment and Investment Properties

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the investment properties since the last balance sheet date.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018

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

A12 Material Events

There were no material events subsequent to the financial period ended 31 May 2018.

A13 Changes in Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 31 May 2018.

A14 Contingent Liabilities and Assets

There were no contingent assets and no material changes in contingent liabilities since 28 February 2018 other than the followings:

	31.05.2018	28.02.2018
	RM'000	RM'000
Guarantees given issued by the Company for banking facilities granted to subsidiaries	172,720	175,660
Guarantees given to suppliers of a subsidiary	299	75
	<u>173,019</u>	<u>175,735</u>

A15 Capital commitments

There were no capital commitments for the financial period ended 31 May 2018.

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad****B1 Review of Performance**

Revenue	Quarter Ended			Year To Date Ended		
	31.05.2018	31.05.2017	Changes	31.05.2018	31.05.2017	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	69,904	51,412	18,492	69,904	51,412	18,492
Property Construction	3,171	3,158	13	3,171	3,158	13
Chalet & Golf Management	2,804	2,583	221	2,804	2,583	221
Others	593	561	32	593	561	32
Total	76,472	57,714	18,758	76,472	57,714	18,758

Profit / (Loss) before Tax	Quarter Ended			Year To Date Ended		
	31.05.2018	31.05.2017	Changes	31.05.2018	31.05.2017	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	15,941	6,006	9,935	15,941	6,006	9,935
Property Construction	(126)	(339)	213	(126)	(339)	213
Chalet & Golf Management	(1,137)	(1,018)	(119)	(1,137)	(1,018)	(119)
Others	(155)	7	(162)	(155)	7	(162)
Total	14,523	4,656	9,867	14,523	4,656	9,867

The Group's Revenue for current quarter ended 31 May 2018 ("Q1FY2019") was RM18.76 million or 33% higher than the preceding years' corresponding quarter ("Q1FY2018"). In line with the higher revenue, Group Profit Before Tax ("PBT") for the quarter also increased by RM9.87 million or 212%. The Group's Property Development Division was the main contributor to the increased Revenue and PBT, with ongoing proceeds from the Novum@South Bangsar ("Novum") being the focus for the improved result.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018

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

B1 Review of Performance (Contd.)

Property Development Division (“PDD”)

Revenue and PBT of PDD for Q1FY2019 improved by RM18.49 million and RM9.94 million respectively. This significant increase was mainly due to Novum@South Bangsar’s steady construction work progression and high sales take up rate since FY2017. The result was further enhanced by revenue and profit recognition for Parc3@KL South, Eupe’s second high rise residential development project in Kuala Lumpur which was launched in Oct 2017 with construction works having commenced since November 2017.

Property Construction Division (“PCD”)

PCD recorded a total revenue of RM3.17 million in Q1FY2019 from the supply of building materials to its sub-contractors and a Loss Before Tax (“LBT”) of RM0.13 million. These results were after the full elimination of inter-company transactions in relation to in-house construction contract works.

Chalet & Golf Management Division (“CGMD”)

Despite of soft market conditions around the recent nation elections, the performance of CGMD demonstrated slight improvement, recording increased revenue from RM2.58 million in Q1FY2018 to RM2.80 million in Q1FY2019. However, CGMD continues to report pre-tax losses of RM1.14 million for the quarter.

The Group continues to closely monitor the performance of CGMD and its turnaround program.

Others

The Others Division which represents rental from investment and tenanted properties as well as fruit cultivation recorded comparable results to the corresponding period last financial year, on the back of revenue for the quarter of RM0.59 million.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)****B2 Material Changes in the Quarterly Results**

	Quarter Ended		
	31.05.2018	28.02.2018	Changes
	RM'000	RM'000	RM'000
Revenue	76,472	91,435	(14,963)
Profit before tax	14,523	6,726	7,797

The Group's revenue decreased from RM91.44 million in the immediate preceding quarter, to RM76.47 million in the current quarter. This was due to the completion of phases of township development projects in the immediate preceding quarter.

Nonetheless, Group PBT increased from RM6.73 million in the immediate preceding quarter to RM14.52 million in current quarter, attributable to on going progress with EUPE's KL projects, Novum & Parc3 which yield higher profit margins.

B3 Prospects

While market conditions remained extremely soft prior to the May national elections, the period following election has seen some green shoots of recovery in terms of improved buyer sentiment and improved take-up rates for our projects. However, it is still to be seen whether these improvements are to be sustained, particularly in the context of continuing oversupply in the property market and ongoing uncertainty in global markets, particularly over trade arrangements that may impact on Malaysia's economy. At the same time, the overall outlook and underlying fundamentals for the Malaysian economy remain sound in the medium-term. While the trajectory of the property market remains uncertain, the current environment creates opportunities for market participants who offer products around distinctive and affordable design and lifestyle differences. Creating affordable property products with very clear points of architectural and lifestyle innovation remains the key strategic approach for the Group.

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018****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 and Year To Date Ended	
	31.05.2018	31.05.2017
	RM'000	RM'000
Current year taxation	4,100	1,589
Deferred taxation	-	(1)
	<u>4,100</u>	<u>1,588</u>

The effective tax rate for the financial year was higher than the statutory income tax rate in Malaysia due to 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.

B6 Profit Before Taxation

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

	Quarter and Year To Date Ended	
	31.05.2018	31.05.2017
	RM'000	RM'000
Interest income	242	196
Interest expense	(633)	(675)
Other income	374	252
Depreciation and amortisation	(933)	(854)
Impairment of property, plant and equipment	(103)	-
Provision for and write off of receivables	(4)	-
	<u>(4)</u>	<u>-</u>

**EUPE CORPORATION BERHAD***(Company No.: 377762-V)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018****Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)****B7 Status of Corporate Proposal**

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

B8 Group Borrowings and Debt Securities

The Group borrowings & debt securities as at 31 May 2018 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Term loans	15,145	-	15,145
Revolving Credits	37,800	-	37,800
Bank Overdrafts	5,036	-	5,036
Bankers' acceptances	2,465	-	2,465
Hire purchase liabilities	267	34	301
	60,713	34	60,747
Non-current			
Term loans	96,756	-	96,756
Hire purchase liabilities	247	51	298
	97,003	51	97,054
	<u>157,716</u>	<u>85</u>	<u>157,801</u>

B9 Changes in Material Litigation

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

B10 Dividend Proposed

The Board of Directors do not recommend any interim dividend for the current financial period.



EUPE CORPORATION BERHAD

(Company No.: 377762-V)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR TO DATE ENDED 31 MAY 2018

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

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 by the weighted average number of ordinary shares in issue during the financial period.

	Year To Date Ended	
	31.05.2018	31.05.2017
Basic EPS		
Net profit attributable to equity holders of the Company (RM'000)	<u>4,046</u>	<u>990</u>
Weighted average number of ordinary shares ('000)	<u>128,000</u>	<u>128,000</u>
Basic earnings per share (sen)	<u>3.16</u>	<u>0.77</u>

B12 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 26 July 2018.