



Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD

(Company No. 377762-V)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019

**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 ENDED 28 FEBRUARY 2019**

	Quarter Ended		Year Ended	
	28.02.2019	28.02.2018	28.02.2019	28.02.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	91,610	91,436	359,939	314,084
Cost of sales	(62,903)	(71,624)	(241,014)	(245,672)
Gross profit	28,707	19,812	118,925	68,412
Other operating income	807	1,675	3,657	3,263
Marketing and distribution expenses	7,615	(6,049)	(10,124)	(16,188)
Administrative expenses	(5,405)	(6,030)	(20,427)	(19,906)
Other operating expenses	(2,670)	(2,177)	(5,547)	(5,993)
Finance costs	663	(505)	(1,254)	(2,418)
Share of results in joint venture	-	-	-	2,596
Profit before tax	29,717	6,726	85,230	29,766
Tax expense	(8,006)	37	(23,729)	(5,404)
Profit for the period/year	21,711	6,763	61,501	24,362
Other comprehensive income/(expenses)				
Foreign currency translation differences for foreign operation	(217)	(199)	(188)	(769)
Total comprehensive income for the period	21,494	6,564	61,313	23,593
Profit attributable to:				
Equity holders of the Company	13,800	2,079	30,300	9,592
Non-controlling interest	7,911	4,684	31,201	14,770
	21,711	6,763	61,501	24,362
Total comprehensive income attributable to:				
Equity holders of the Company	13,604	1,884	30,126	9,112
Non-controlling interest	7,890	4,680	31,187	14,481
	21,494	6,564	61,313	23,593
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (Sen)	10.78	1.62	23.67	7.49

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 28 FEBRUARY 2019**

	AS AT 28.02.2019 RM'000	AS AT 28.02.2018 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	65,722	68,812
Other investments	7	7
Land held for property development	153,038	147,720
Investment properties	48,233	49,905
Deferred tax assets	2,385	2,787
	<u>269,385</u>	<u>269,231</u>
Current assets		
Property development costs	145,340	151,839
Inventories	16,186	23,783
Trade and other receivables	147,995	89,651
Sinking funds	832	247
Tax recoverable	2,997	2,979
Cash and bank balances	70,971	42,536
	<u>384,321</u>	<u>311,035</u>
TOTAL ASSETS	<u>653,706</u>	<u>580,266</u>



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019 (Contd.)

	AS AT 28.02.2019 RM'000	AS AT 28.02.2018 RM'000 (AUDITED)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	133,982	128,000
Share premium	-	5,982
Reserves	186,571	156,445
	<u>320,553</u>	<u>290,427</u>
Non-controlling interest	54,008	23,113
TOTAL EQUITY	<u>374,561</u>	<u>313,540</u>
Non-current liabilities		
Borrowings	102,666	92,453
Deferred tax liabilities	14,653	12,461
	<u>117,319</u>	<u>104,914</u>
Current liabilities		
Trade and other payables	76,236	79,245
Provisions	9,878	10,826
Borrowings	69,007	68,439
Current tax payables	6,705	3,302
	<u>161,826</u>	<u>161,812</u>
TOTAL LIABILITIES	<u>279,145</u>	<u>266,726</u>
TOTAL EQUITY AND LIABILITIES	<u>653,706</u>	<u>580,266</u>
Number of ordinary shares ('000)	<u>128,000</u>	<u>128,000</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>2.50</u>	<u>2.27</u>

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EUPE CORPORATION BERHAD

(Company No.: 377762-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019**

	← 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 earnings 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	-	-	-	30,300	30,300	31,201	61,501
Other comprehensive expenses	-	-	(174)	-	(174)	(14)	(188)
Total comprehensive income	-	-	(174)	30,300	30,126	31,187	61,313
Dividend paid to non-controlling interest	-	-	-	-	-	(292)	(292)
Transfer pursuant to Companies Act 2016	5,982	(5,982)	-	-	-	-	-
At 28 February 2019	<u>133,982</u>	<u>-</u>	<u>(40)</u>	<u>186,611</u>	<u>320,553</u>	<u>54,008</u>	<u>374,561</u>
At 1 March 2017	128,000	5,982	613	146,721	281,316	8,631	289,947
Profit for the period	-	-	-	9,592	9,592	14,770	24,362
Other comprehensive income	-	-	(480)	-	(480)	(289)	(769)
Total comprehensive income	-	-	(480)	9,592	9,112	14,481	23,593
At 28 February 2018	<u>128,000</u>	<u>5,982</u>	<u>133</u>	<u>156,313</u>	<u>290,428</u>	<u>23,112</u>	<u>313,540</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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019**

	Year Ended	
	28.02.2019 RM'000	28.02.2018 RM'000 (AUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	310,244	211,222
Cash payments to suppliers and creditors	(231,570)	(152,958)
Cash payments to employees and for expenses	(43,809)	(36,891)
Cash generated from/(used in) operations	34,865	21,373
Bank overdraft interest paid	(359)	(265)
Rental income received	580	435
Deposit paid	-	(422)
Insurance claim received	-	86
Tax refund	106	135
Tax paid	(18,282)	(7,929)
Net cash generated from/(used in) operating activities	16,910	13,413
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	1,812	909
Investment in joint venture	-	3,279
Investment in unit trust /other investments	-	-
Proceed from disposal of property, plant and equipment	1	38
Proceed from sales of investment properties	798	555
Purchase of investment properties	-	(12,958)
Purchase of property, plant and equipment	(911)	(658)
Subsequent expenditure on investment properties	-	(105)
Net cash generated from/(used in) investing activities	1,700	(8,940)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019 (Contd.)**

	Year Ended	
	28.02.2019	28.02.2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	47,745	67,313
Repayment of term loans	(31,973)	(61,270)
Drawdown of revolving credits	-	10,830
Repayment of revolving credits	(810)	-
Net creation/(repayment) of bankers' acceptance and invoice financing	(1,109)	(2,159)
Repayment of hire purchase liabilities	(463)	(681)
Term loans interest paid	(669)	(5,636)
Revolving credit interest paid	(25)	(1,144)
Discount paid on bankers' acceptance and invoice financing	(171)	(206)
Hire purchase interest paid	(31)	(68)
Fixed deposits pledged to licensed bank	(2,260)	(917)
Net cash generated from financing activities	10,234	6,062
Net increase in cash and cash equivalents	28,844	10,535
Effect of exchange rate changes	(61)	(151)
Cash and cash equivalents at beginning of financial year	34,515	24,132
Cash and cash equivalents at end of financial period	63,298	34,516
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	63,077	38,180
Fixed deposits with licensed banks	7,894	4,356
	70,971	42,536
Less: Bank overdraft	(2,678)	(5,286)
Deposits pledged as collateral	(4,995)	(2,734)
	63,298	34,516

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 ENDED 28 FEBRUARY 2019**

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*.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 28 February 2018 which are available at <http://www.eupe.com>. 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 2018.

Malaysian Financial Reporting Standards Framework (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of *MFRS 141: Agriculture and/or IC Interpretation 15 “Agreements for Construction of Real Estate”*, including their parent, significant investor and venturer (herein called “Transitioning Entities”).

On 8 September 2015, MASB announcement that the effective date of MFRS 15 “Revenue from Contracts with Customers” will be deferred to annual periods beginning on or after 1 January 2018. As a result, the Group and the Company, which are within the scope of *MFRS 141 “Agriculture” and IC Interpretation 15 “Agreements for Construction of Real Estate”* are permitted to defer the adoption of the new MFRS Framework to annual periods beginning on or after 1 January 2018. Hence, the Group and the Company adopted the MFRS Framework for annual period beginning on or after 1 March 2018.

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 ENDED 28 FEBRUARY 2019
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 ENDED 28 FEBRUARY 2019**

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 unmodified.

A4 Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors, except for the Chalet and Golf Management Division which normally peaks during major festive seasons and holidays.

A5 Unusual Items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, net income or cash flow of the Group during the current quarter and year ended 28 February 2019.

A6 Material Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter and year ended 28 February 2019.

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 ended 28 February 2019.

The Companies Act 2016 which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. 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. Accordingly, on 31 January 2019, the Company has transferred the unutilised share premium account to the Company's share capital pursuant to the Act.

A8 Dividend Paid

No dividends were paid during the financial quarter and year ended 28 February 2019.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019
Part A: Explanatory Notes Pursuant to FRS 134 (Contd.)

A9 Segmental Reporting

Financial Year Ended 28 February 2019

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	334,287	48,250	11,944	4,207	398,688
Elimination of inter- segment revenue	-	(37,151)	-	(1,598)	(38,749)
	<u>334,287</u>	<u>11,099</u>	<u>11,944</u>	<u>2,609</u>	<u>359,939</u>
Segment Results	89,831	(1,152)	(3,278)	(730)	84,671
Interest income	1,618	12	64	119	1,813
Finance costs	(295)	(330)	(543)	(86)	(1,254)
Profit before tax	<u>91,154</u>	<u>(1,470)</u>	<u>(3,757)</u>	<u>(697)</u>	<u>85,230</u>
Tax expense	(23,441)	1	(6)	(283)	(23,729)
Profit for the period	<u>67,713</u>	<u>(1,469)</u>	<u>(3,763)</u>	<u>(980)</u>	<u>61,501</u>

As At 28 February 2019

Assets

Segment assets	<u>518,860</u>	<u>25,296</u>	<u>58,348</u>	<u>51,202</u>	<u>653,706</u>
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Liabilities

Segment liabilities	83,648	10,865	9,361	3,598	107,472
Borrowings	143,729	19,192	7,417	1,335	171,673
	<u>227,377</u>	<u>30,057</u>	<u>16,778</u>	<u>4,933</u>	<u>279,145</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A9 Segmental Reporting (Contd.)

Financial Year Ended 28 February 2018

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	286,950	57,610	12,158	4,147	360,865
Elimination of inter- segment revenue	-	(45,178)	-	(1,603)	(46,781)
	<u>286,950</u>	<u>12,432</u>	<u>12,158</u>	<u>2,544</u>	<u>314,084</u>
Segment Results	36,218	(1,647)	(4,064)	777	31,284
Interest income	681	5	88	126	900
Finance costs	(1,504)	(292)	(505)	(117)	(2,418)
Profit before tax	<u>35,395</u>	<u>(1,934)</u>	<u>(4,481)</u>	<u>786</u>	<u>29,766</u>
Tax expense	(6,264)	(1)	1,113	(252)	(5,404)
Profit for the period	<u>29,131</u>	<u>(1,935)</u>	<u>(3,368)</u>	<u>534</u>	<u>24,362</u>

As At 28 February 2018

Assets

Segment assets	<u>444,133</u>	<u>33,185</u>	<u>60,525</u>	<u>42,422</u>	<u>580,265</u>
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Liabilities

Segment liabilities	79,597	14,566	8,250	3,421	105,834
Borrowings	<u>127,344</u>	<u>23,733</u>	<u>7,693</u>	<u>2,122</u>	<u>160,892</u>
	<u>206,941</u>	<u>38,299</u>	<u>15,943</u>	<u>5,543</u>	<u>266,726</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 has been adopted the fair value model for its investment properties, but there is no significant and indicative change in value of the investment properties since the last balance sheet date.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)**

A12 Significant Event Subsequent to the Reporting Period

There was no significant event subsequent to the financial year ended 28 February 2019.

A13 Changes in Composition of the Group

There were no material changes in the composition of the Group during the financial year ended 28 February 2019.

A14 Contingent Liabilities and Assets

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

	28.02.2019	28.02.2018
	RM'000	RM'000
Guarantees given issued by the Company for banking facilities granted to subsidiaries	187,116	175,660
Guarantees given to suppliers of a subsidiary	261	75
	<u>187,377</u>	<u>175,735</u>

A15 Capital commitments

There were no capital commitments for the financial year ended 28 February 2019.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019

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

B1 Review of Performance

Revenue	Quarter Ended			Year Ended		
	28.02.2019	28.02.2018	Changes	28.02.2019	28.02.2018	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	84,920	85,030	(110)	334,287	286,950	47,337
Property Construction	2,603	2,280	323	11,099	12,432	(1,333)
Chalet & Golf Management	3,473	3,528	(55)	11,944	12,158	(214)
Others	614	598	16	2,609	2,544	65
Total	91,610	91,436	174	359,939	314,084	45,855

Profit / (Loss) before Tax	Quarter Ended			Year Ended		
	28.02.2019	28.02.2018	Changes	28.02.2019	28.02.2018	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	32,060	7,704	24,356	91,154	35,395	55,759
Property Construction	(945)	(497)	(448)	(1,470)	(1,934)	464
Chalet & Golf Management	(905)	(1,478)	573	(3,757)	(4,481)	724
Others	(493)	997	(1,490)	(697)	786	(1,483)
Total	29,717	6,726	22,991	85,230	29,766	55,464

Overview : Q4FY2019 vs Q4FY2018

The Group's total revenue for the current quarter ended 28 February 2019 ("Q4FY2019") was RM91.6 million, which was comparable with the revenue for the preceding year's corresponding quarter ("Q4FY2018"). Pre-tax profit for the Group of RM29.7 million for the current quarter was RM23.0 million, or 342% higher than Q4FY2018. The increase resulted from the continuing improvement in both revenue and pre-tax profit of the Group's Property Development Division ("PDD"), in particular its two Kuala Lumpur projects, Novum@South Bangsar ("Novum") and Parc 3@KL South ("Parc 3").

Despite the small increase in the Group's overall revenue for the quarter, the significant increase in the pre-tax profit was attributed to the increase in the gross profit margin of the group, as a result of a one-off exercise undertaken by the Northern Region Township Development Division to cap-off low-margin phases of township projects being undertaken by that Division.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019**

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

B1 Review of Performance (Contd.)

In addition, the Group has adopted the MFRS15 in current financial year where sales commission incurred for all on-going projects with more than one-year tenure until completion, is capitalised and amortised based on percentage completion of the project for which the commission is paid. The change in the accounting treatment of sales commissions was reflected in the current quarter under review and resulted a significant change in Marketing and Distribution Expenses, compared to expenses incurred in the preceding financial year corresponding quarter.

Overview: FY2019 vs FY2018

The Group's total revenue for the financial year ended 28 February 2019 ("FY2019") was RM359.9 million. This was RM45.9 million, or 15% higher compared to the preceding financial year ("FY2018"). The Group's pre-tax profit was also higher by RM55.5 million, or 186% on the FY2018 result. The improvement in both revenue and pre-tax profit was mainly due to the enhanced performance of PDD during the current financial year.

The increase in the pre-tax profit of the Group was also due to the improvement in profit margins as a result of the exercise undertaken by Northern Region to cap-off the low margin phases of township projects.

Property Development Division ("PDD")

The high sales take-up rate of 97% of Novum since FY2018, combined with continued progress of the project's construction work, together with sales take up rate of over 70% and continued progress with construction work for Parc3, resulted in a strong and improving financial performance for PDD, compared to the corresponding period of the preceding year.

As mentioned above, the significant increase in the PDD's pre-tax profit was due to the increase in the gross profit margin of the Group as a result of the exercise undertaken by Northern Region Township Development Division.

Property Construction Division ("PCD")

PCD recorded revenue of RM2.6 million for Q4FY2019, and RM11.1 million for the full year, from the supply of building materials to its sub-contractors for its Northern Region projects. The Division's pre-tax loss for Q4FY2019 and FY2019 was RM1.0 million and RM1.5 million respectively, after a one-off impairment loss amounting to RM1.1 million, recognised for investment properties held by the Division.

These results were after the full elimination of inter-company transactions in relation to in-house construction contract works.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019**

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

B1 Review of Performance (Contd.)

Chalet & Golf Management Division (“CGMD”)

Revenue of CGMD for Q4FY2019 and FY2019 was RM3.5 million and RM11.9 million respectively. The CGMD recorded a lower pre-tax loss for current quarter and financial year of RM0.9 million and RM3.8 million respectively, as a result of ongoing efforts to rationalise costs.

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. During FY2018, the Division recognised an upwards fair value adjustment on its investment properties amounting to RM0.9 million, resulting in a pre-tax profit of RM0.8 million. No adjustment in fair value has been recognised in current financial year.

B2 Material Changes in the Quarterly Results

	Quarter Ended		
	28.02.2019	30.11.2018	Changes
	RM'000	RM'000	RM'000
Revenue	91,610	94,348	(2,738)
Profit before tax	29,717	14,176	15,541

The Group's revenue for Q4FY2019 and was slightly lower by RM2.7 million, or 3%, compared to the immediate preceding quarter, Q3FY2019. The pre-tax profit of RM29.7 million is due to the change in the accounting treatment of certain Sales & Marketing expenses for Parc3 under MFRS15 where, as mentioned, expenses incurred are now capitalised and amortised based on the percentage completion of projects.

B3 Prospects

Underlying conditions for the property market, and the Malaysian economy remain generally favorable in the medium term, supported by ongoing population and employment growth. In the shorter term, we expect the current period of consolidation in the property market, further influenced by government fiscal policy over the last year as well as ongoing tightening of credit availability, will last another 18 months, with home buyers continuing to adopt cautious approach.

While the current market conditions remain challenging and buyers are placing a greater premium on affordability, we believe the conditions align with our strategic approach which is heavily focused on affordable, quality property products with clear points of differentiation.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019**

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 year under review.

B5 Taxation

	Quarter Ended		Year Ended	
	28.02.2019	28.02.2018	28.02.2019	28.02.2018
	RM'000	RM'000	RM'000	RM'000
Current year taxation	5,402	(147)	21,135	5,554
Deferred taxation	2,604	110	2,594	(113)
	<u>8,006</u>	<u>(37)</u>	<u>23,729</u>	<u>5,441</u>

The Group's effective tax rate was higher than the statutory tax rate in Malaysia mainly due to losses of certain subsidiaries that were not available for full set-off against taxable profit 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 Ended		Year Ended	
	28.02.2019	28.02.2018	28.02.2019	28.02.2018
	RM'000	RM'000	RM'000	RM'000
Interest income	462	14	1,813	401
Other income	345	1,661	1,844	1,187
Interest expense	663	(505)	(1,254)	(2,418)
Depreciation and amortisation	(1,192)	(828)	(3,860)	(2,521)
Write off of receivables	(22)	-	(25)	-
Loss on disposal of investment property	(50)	-	(150)	-
Impairment of assets	<u>(1,015)</u>	<u>-</u>	<u>(1,118)</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019**

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

B7 Status of Corporate Proposal

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

B8 Group Borrowings and Debt Securities

The Group borrowings and debt securities as at 28 February 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Term loans	23,575	-	23,575
Revolving Credits	40,510	-	40,510
Bank Overdrafts	2,678	-	2,678
Bankers' acceptances	2,070	-	2,070
Hire purchase liabilities	130	44	174
	68,963	44	69,007
Non-current			
Term loans	102,543	-	102,543
Hire purchase liabilities	123	-	123
	102,666	-	102,666
	171,629	44	171,673

B9 Changes in Material Litigation

There was 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.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 28 FEBRUARY 2019**

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.

	Quarter Ended		Year Ended	
	28.02.2019	28.02.2018	28.02.2019	28.02.2018
Basic EPS				
Net profit attributable to equity holders of the Company (RM'000)	<u>13,800</u>	<u>2,079</u>	<u>30,300</u>	<u>9,592</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>10.78</u>	<u>1.62</u>	<u>23.67</u>	<u>7.49</u>

B12 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 25 April 2019.