



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

		Quarter Ended		Year-To-Date Ended	
		31.08.2017	31.08.2016	31.08.2017	31.08.2016
		RM '000	RM '000	RM '000	RM '000
1.	Revenue	94,513	38,968	152,227	76,612
2.	Profit before tax	9,555	3,859	14,211	5,897
3.	Profit for the period	6,463	740	9,531	1,557
4.	Profit attributable to equity holders of the company	3,862	(544)	4,852	(281)
5.	Basic earnings per shares (sen)	3.02	(0.43)	3.79	(0.22)
6.	Proposed/declared dividend per share (sen)	-	-	-	-

		AS AT 31.08.2017	AS AT 28.02.2017
7.	Net assets per share attributable to equity holders of the parent (RM)	2.24	2.20



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

	Quarter Ended		Year-To-Date Ended	
	31.08.2017	31.08.2016	31.08.2017	31.08.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	94,513	38,968	152,227	76,612
Cost of Sales	(75,803)	(26,909)	(120,105)	(54,735)
Gross Profit	18,710	12,059	32,122	21,877
Other Operating Income	715	660	1,163	1,198
Marketing and Distribution Costs	(2,934)	(2,537)	(6,133)	(5,170)
Administrative Expenses	(5,308)	(4,527)	(9,318)	(8,819)
Other Operating Expenses	(974)	(1,278)	(2,294)	(2,289)
Finance Costs	(654)	(518)	(1,329)	(900)
<b>Profit Before Tax</b>	<b>9,555</b>	<b>3,859</b>	<b>14,211</b>	<b>5,897</b>
Tax Expense	(3,092)	(3,119)	(4,680)	(4,340)
<b>Profit for the Period</b>	<b>6,463</b>	<b>740</b>	<b>9,531</b>	<b>1,557</b>
<b>Other Comprehensive Income</b>				
Foreign Currency Translation differences				
for Foreign Operation	517	123	5	(7)
Total Comprehensive				
Income for the Period	6,980	863	9,536	1,550
<b>Profit Attributable to:</b>				
Equity Holders of the Company	3,862	(544)	4,852	(281)
Non-Controlling Interest	2,601	1,284	4,679	1,838
	6,463	740	9,531	1,557
<b>Total Comprehensive</b>				
<b>Income Attributable to:</b>				
Equity Holders of the Company	4,386	(458)	5,107	(305)
Non-Controlling Interest	2,594	1,321	4,429	1,855
	6,980	863	9,536	1,550
<b>Basic Earnings Per Share</b>				
Attributable to Equity Holders				
of the Company (Sen)	3.02	(0.43)	3.79	(0.22)

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2017 and the accompanying explanatory notes attached to these Condensed Report.



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2017

		AS AT 31.08.2017 RM'000	AS AT 28.02.2017 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		71,127	72,190
Investments in joint ventures		3,379	3,410
Other investments		7	7
Land held for property development		147,944	188,184
Investment properties		33,437	33,437
Deferred tax assets		882	892
		256,776	298,120
<b>Current Assets</b>			
Property development costs		196,097	182,249
Inventories		13,846	13,919
Trade and other receivables		78,631	61,399
Sinking funds		184	184
Tax recoverable		2,583	2,446
Cash and bank balances		21,539	29,609
		312,880	289,806
<b>TOTAL ASSETS</b>		569,656	587,926



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2017 (CONTINUED)

	AS AT 31.08.2017 RM'000	AS AT 28.02.2017 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	128,000	128,000
Share premium	5,982	5,982
Reserves	152,441	147,334
	286,423	281,316
Non-Controlling Interest	13,060	8,631
<b>TOTAL EQUITY</b>	<b>299,483</b>	<b>289,947</b>
<b>Non-Current Liabilities</b>		
Borrowings	108,558	102,073
Deferred tax liabilities	13,386	13,619
	121,944	115,692
<b>Current Liabilities</b>		
Trade and other payables	78,348	133,720
Provision for infrastructure & renovation cost	9,111	3,302
Borrowings	55,635	43,160
Current tax liabilities	5,135	2,105
	148,229	182,287
<b>TOTAL LIABILITIES</b>	<b>270,173</b>	<b>297,979</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>569,656</b>	<b>587,926</b>
Net Assets Per Share Attributable to Equity Holders of the Company (RM)	2.24	2.20

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2017 and the accompanying explanatory notes attached to these Condensed Report.



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2017

	← Attributable to Equity Holders of the Company →						Non - Controlling Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Foreign Currency Translation reserve RM'000	Retained profits RM'000	Total RM'000	Distributable		
<b>Balance as at 1 March 2017</b>	128,000	5,982	613	146,721	281,316	8,631	289,947	
Profit for the period	-	-	-	4,852	4,852	4,679	9,531	
Other Comprehensive Income	-	-	255	-	255	(250)	5	
<b>Total comprehensive income</b>	-	-	255	4,852	5,107	4,429	9,536	
<b>Balance as at 31 August 2017</b>	<u>128,000</u>	<u>5,982</u>	<u>868</u>	<u>151,573</u>	<u>286,423</u>	<u>13,060</u>	<u>299,483</u>	
<b>Balance as at 1 March 2016</b>	128,000	5,982	63	154,111	288,156	5,114	293,270	
Profit for the period	-	-	-	(281)	(281)	1,838	1,557	
Other Comprehensive Income	-	-	(24)	-	(24)	17	(7)	
<b>Total comprehensive income</b>	-	-	(24)	(281)	(305)	1,855	1,550	
<b>Balance as at 31 August 2016</b>	<u>128,000</u>	<u>5,982</u>	<u>39</u>	<u>153,830</u>	<u>287,851</u>	<u>6,969</u>	<u>294,820</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 2017 and the accompanying explanatory notes attached to these Condensed Report.



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2017

	Year-To-Date Ended	
	31.08.2017	31.08.2016
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	89,219	84,781
Cash payments to suppliers and creditors	(95,701)	(81,880)
Cash payments to employees and for expenses	(16,801)	(15,034)
Cash used in operations	(23,283)	(12,133)
Bank overdraft interest paid	(102)	(145)
Rental income received	820	312
Deposit refunded	122	(876)
Insurance compensation received	35	251
Tax refund	34	-
Tax paid	(2,045)	(1,352)
Net cash used in operating activities	(24,419)	(13,943)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	386	448
Management fees received	57	-
Purchase of leasehold land	-	(65,373)
Purchase of property, plant and equipment	(952)	(724)
Proceed from disposal of property, plant and equipment	-	295
Investment in unit trust / other investments	23	-
Subsequent expenditure on investment properties	(89)	-
Net cash used in investing activities	(575)	(65,354)



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2017 (CONTINUED)

	Year-To-Date Ended	
	31.08.2017	31.08.2016
	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of revolving credit	18,410	16,000
Drawdown of term loan	26,929	61,875
Net creation of bankers' acceptance	(1,782)	98
Repayment of revolving credit	(8,400)	(2,000)
Repayment of term loan	(16,178)	(6,603)
Repayment of hire purchase loan	(335)	(327)
Term loan interest paid	(1,218)	(1,834)
Revolving credit interest paid	(600)	(323)
Discount paid on bankers' acceptance	(175)	(137)
Hire purchase interest paid	(39)	(60)
Fixed deposits pledged to licensed bank	(902)	(147)
Net cash from financing activities	15,710	66,542
Net decrease in cash and cash equivalents	(9,284)	(12,755)
Effect of exchange rate changes	(5)	(4)
Cash and cash equivalents at beginning of financial year	24,132	34,300
Cash and cash equivalents at end of financial year	14,843	21,541
Cash and cash equivalents at end of financial year comprise the following :		
Cash and bank balances	12,942	16,594
Fixed deposits with licensed banks	8,597	10,718
	21,539	27,312
Less: Bank overdraft	(3,976)	(3,826)
Deposits pledged as collateral	(2,720)	(1,945)
	14,843	21,541

*The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2017 and the accompanying explanatory notes attached to these Condensed Report.*



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

#### Part A: Explanatory Notes Pursuant to FRS 134

##### A1 Basis of Preparation

The Condensed Consolidated Interim Financial Statements (“Condensed Report”) have been prepared in accordance with FRS 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 2017. 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 2017.

##### 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 2017 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”), Amendments to FRSs and Interpretations as follows:

##### **FRSs, Amendments to FRSs and Interpretations effective for annual periods beginning on or after 1 January 2017**

- Amendments to FRS 107 Statement of Cash Flows – Disclosure Initiative
- Amendments to FRS 112 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 12 Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the MASB but not yet effective in current financial reporting period of the Group and the Company beginning on 1 March 2017, thus have not been adopted in this Condensed Report.

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

- FRS 9 *Financial Instruments*
- Amendments to FRS 2 *Share-based Payment* – Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4 *Insurance Contracts* – Applying FRS 9 Financial Instruments with FRS 4 *Insurance Contracts*
- Amendments to FRS 128 *Investment in Associates and Joint Ventures* (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 140 – *Transfers of Investment Property*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*





# EUPE CORPORATION BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

#### A2 Accounting Policies (contd.)

As provided by paragraph 7.1.1AA of FRS 9 *Financial Instruments* (2014), 63DAA of FRS 2 *Share-based Payment*, 47AA of FRS 4 *Insurance Contracts*, 39ADAA of FRS 1 *First-time Adoption of Financial Reporting Standards*, 45EAA of FRS 128 *Investments in Associates and Joint Ventures*, 85GAA of FRS 140 *Investment Property* and A1AA of IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*, an entity that has in the alternative applied the Financial Reporting Standards Framework shall apply the MFRS Framework on 1 January 2018.

Therefore, the Group and the Company shall instead apply MFRS 9 *Financial Instruments* (2014), Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 1 (Annual Improvement 2014-2016 Cycle), Amendments to MFRS 128 (Annual Improvement 2014-2016 Cycle), Amendments to MFRS 140 and IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* under MFRS Framework, instead of FRS 9 *Financial Instruments* (2014), Amendments to FRS 2, Amendments to FRS 4, Amendments to FRS 1 (Annual Improvement 2014-2016 Cycle), Amendments to FRS 128 (Annual Improvement 2014-2016 Cycle), Amendments to FRS 140 and IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* under FRS Framework, on or after 1 January 2018.

#### **FRSs, Amendments to FRSs and Interpretations effective a date yet to be confirmed**

- Amendments to FRS 10 *Consolidated Financial Statements* and FRS 128 *Investment in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

#### **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 will adopt the MFRS Framework for annual period beginning on or after 1 March 2018.

The Group has continued to prepare the Condensed Report for annual period beginning on 1 March 2017 in accordance with the FRSs issued by the MASB.



# EUPE CORPORATION BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

#### **A3 Reports of the Auditor**

The auditors' report for the preceding financial year ended 28 February 2017 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 quarter and Year-To-Date ended 31 August 2017.

#### **A6 Changes in Estimates**

There were no changes in estimates that have a material effect on the amounts reported for the financial quarter and Year-To-Date ended 31 August 2017.

#### **A7 Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter and Year-To-Date ended 31 August 2017.

The new 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 quarter and Year-To-Date ended 31 August 2017.



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

#### A9 Segmental Reporting

##### Financial Year-To-Date ended 31 August 2017:

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	139,782	32,825	5,474	1,370	179,451
Elimination of inter- segment revenue	-	(26,862)	(188)	(174)	(27,224)
	139,782	5,963	5,286	1,196	152,227
Segment Results	18,384	(976)	(2,289)	34	15,153
Interest income	367	2	13	5	387
Finance costs	(789)	(188)	(280)	(72)	(1,329)
Profit before tax	17,962	(1,162)	(2,556)	(33)	14,211
Tax expense	(4,554)	(272)	223	(77)	(4,680)
Profit after tax	13,408	(1,434)	(2,333)	(110)	9,531

##### AT 31 AUGUST 2017

##### Assets

Segment assets	432,152	32,193	63,254	42,057	569,656
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##### Liabilities

Segment liabilities	83,579	8,956	9,989	3,456	105,980
Borrowings	131,310	22,308	8,061	2,514	164,193
	214,889	31,264	18,050	5,970	270,173



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

#### A9 Segmental Reporting (Contd.)

##### Financial Year-to-date ended 31 August 2016:

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	64,709	41,890	4,327	1,338	112,264
Elimination of inter- segment revenue	-	(35,427)	-	(225)	(35,652)
	64,709	6,463	4,327	1,113	76,612
Segment Results	9,782	183	(3,455)	(161)	6,349
Interest income	454	2	1	(9)	448
Finance costs	(474)	(191)	(148)	(87)	(900)
Profit before tax	9,762	(6)	(3,602)	(257)	5,897
Tax expense	(3,352)	(850)	-	(138)	(4,340)
Profit after tax	6,410	(856)	(3,602)	(395)	1,557

##### AT 31 AUGUST 2016

##### Assets

Segment assets	432,150	67,629	64,039	42,314	606,132
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##### Liabilities

Segment liabilities	11,236	19,036	10,807	3,617	44,696
Borrowings	135,747	22,969	3,528	3,248	165,492
	146,983	42,005	14,335	6,865	210,188



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## Notes to the financial STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

#### 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.

#### A12 Material Events

There were no material events subsequent to the financial quarter and Year-To-Date ended 31 August 2017.

#### A13 Changes in Composition of the Group

There were no material changes in the composition of the Group during the financial quarter and Year-To-Date ended 31 August 2017.

#### A14 Contingent Liabilities and Assets

Details of contingent liabilities of the Group as at the balance sheet date are as follows:

	<b>31.08.2017</b>	<b>28.02.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Guarantees given issued by the Company for banking facilities granted to subsidiaries	161,147	151,612
Guarantees given to suppliers of a subsidiary	159	293
	<u>161,306</u>	<u>151,905</u>

There are no contingent assets and no other material changes in contingent liabilities since the last annual reporting date.

#### A15 Capital commitments

The capital commitment not provided for in the Condensed Report as at the end of the financial year is as follows:

	<b>RM'000</b>
<b>Acquisition of leasehold lands</b>	
Contracted but not provided for	<u>19,262</u>



# EUPE CORPORATION BERHAD

(Company No.: 377762-V)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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		
	31.08.2017	31.08.2016	Variance	31.08.2017	31.08.2016	Variance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	88,370	33,749	54,621	139,782	64,709	75,073
Property Construction	2,805	2,855	(50)	5,963	6,463	(500)
Chalet & Golf Management	2,703	1,817	886	5,286	4,327	959
Others	635	547	88	1,196	1,113	83
<b>Total</b>	<b>94,513</b>	<b>38,968</b>	<b>55,545</b>	<b>152,227</b>	<b>76,612</b>	<b>75,615</b>

Profit / (Loss) before Tax	Quarter Ended			Year-To-Date Ended		
	31.08.2017	31.08.2016	Variance	31.08.2017	31.08.2016	Variance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	11,956	6,186	5,770	17,962	9,762	8,200
Property Construction	(823)	(155)	(668)	(1,162)	(6)	(1,156)
Chalet & Golf Management	(1,538)	(2,104)	566	(2,556)	(3,602)	1,046
Others	(40)	(68)	28	(33)	(257)	224
<b>Total</b>	<b>9,555</b>	<b>3,859</b>	<b>5,696</b>	<b>14,211</b>	<b>5,897</b>	<b>8,314</b>

#### Q2FY2018 vs Q2FY2017

For Q2FY2018, the Group achieved significantly better results, recording total Revenue of RM94.5 million, which was RM55.5 million or 143% higher than the preceding corresponding quarter. As a result, the Group's Profit Before Tax ("PBT") was also improved at RM9.6 million, which was RM5.7 million or 146% higher, as compared to the preceding corresponding quarter's PBT of RM3.9 million.



# EUPE CORPORATION BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

##### B1 Review of Performance (Continued)

The Property Development Division was the key contributor to these improvements in both Revenue and PBT due largely to the high sales take-up rate of the Novum@South Bangsar ("Novum").

##### 6MFY2018 vs 6MFY2017

For 6MFY2018, the Group's Revenue was higher by RM75.6 million or 99% while the Group's PBT was RM8.3 million, or 141% higher than the same period last year. As with the Group's quarterly results, the increase in both Revenue and PBT was primarily the result of progress in construction works, particularly with Novum as well as generally improved sales of the Group's Property Development projects.

##### Property Development Division ("PDD")

PDD's Revenue continues to show strong growth due to the Group's expansion into Kuala Lumpur, with Revenue of RM54.6 million or 162% higher for the quarter than that achieved in Q2FY2017. This resulted from the steady progression in construction work progress of the Novum project as well as the high sales take-up rate achieved for the project compared to the Q2FY17. This was further enhanced by consistent sales take-up rates and on-going construction work progress of projects in the Division's Northern Region, particularly in the affordable housing segment.

In line with the upward trend in Revenue, PDD's PBT also improved by RM5.8 million or 94%, from RM6.2 million in Q2FY2017, to RM12.0 million in Q2FY2018. Once again, this was mainly due to Revenue contributed by the Novum project.

Cumulatively for the 1<sup>st</sup> half-year of the current financial year, the PDD recorded a significant improvement of Revenue and PBT of RM139.8 million and RM18.0 million respectively.

##### Property Construction Division ("PCD")

PCD recorded total Revenue of RM2.8 million for Q2FY2018 and RM6.0 million for 6MFY2018, consistent with Revenue of RM2.9 million for Q2FY17 and RM6.5 million for 6MFY2017.

Currently, PCD is focused on carrying out in-house construction contract works for development projects in Northern Region as well as the supply of building materials to its sub-contractors for these projects. As transactions related to the in-house construction contract works has been eliminated in full on consolidation, PCD recorded a Loss Before Tax ("LBT") of RM0.8 million for Q2FY2018 and RM1.2 million for 6MFY2018, compared to RM0.2 million for Q2FY2017 and RM6,000 for 6MFY2017, respectively.



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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

##### B1 Review of Performance (Continued)

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

Performance of CGMD continues to show some improvement since the completion of the refurbishment works for both the chalet and carnival water theme park last financial year. Revenue for current quarter of RM2.7 million was higher than the preceding year corresponding period. Similarly, for the Year-To Date, CGMD’s revenue was RM1.0 million higher, compared to preceding year.

CGMD continues to report of losses for current quarter and Year-To-Date under review, although CGMD’s LBT showed an improvement from RM2.1 million in Q2FY2017, to a lower loss of RM1.5 million in Q2FY2018. For Year-To-Date, the LBT reduced from RM3.6 million in preceding year to RM2.6 million. Cost rationalisation measures have implemented by the external management team operating CGMD since the previous quarter to offset the continuing effect of subdued market conditions. The Group is continuing to closely monitor turnaround progress to ensure it meets its expectations.

###### Others

The Others Division which represents the rental from investment and tenanted properties as well as fruit cultivation recorded comparable results to the corresponding periods last financial year on the back of Revenue for the current quarter and year-to-date of RM0.6 million and RM1.2 million respectively.

##### B2 Material Changes in the Quarterly Results

	Quarter Ended		
	31.08.2017	31.05.2017	Variance
	RM'000	RM'000	RM'000
Revenue	94,513	57,714	36,799
Profit before tax	9,555	4,656	4,899





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

##### **B2 Material Changes in the Quarterly Results (continued)**

The Group's total revenue improved from RM57.7 million in the immediate preceding quarter, to RM94.5 million in the current quarter under review. As a result, the Group's result also improved from a PBT of RM4.7 million in the immediate preceding quarter, to a PBT of RM9.6 million for current quarter. As stated above, the significant lift in both Revenue and PBT for the quarter has been largely due to solid progress in the construction work progress of PDD's projects, notably the Novum, Eupe's first major project in Kuala Lumpur combined with improved sales take-up rate for PDD properties generally for the quarter, particularly in the affordable housing segment in the Northern Region, besides the Novum project.

##### **B3 Prospects**

The overall outlook and underlying fundamentals for the Malaysian economy continue to be positive, despite consumer demand continuing to be soft due to a lower ringgit and other inflationary pressures. Property industry market conditions continue to be challenging in the short-term but we expect the market to show some signs of an upswing in demand over the next year and for overall economic conditions and consumer demand to consolidate. The Group continues to work on key points of differentiation with its property products to take advantage of the current conditions in which buyers are increasingly focussed on value and product difference. The Group officially launched its second major property project in Kuala Lumpur – Parc3@KL South on 21 October 2017 which will represent another milestone in the Group's expansion strategy into Malaysia's capital.

##### **B4 Profit Forecast**

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



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## NOTES TO THE FINANCIAL STATEMENTS May FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

#### B5 Taxation

	Quarter ended		Year-To Date ended	
	31.08.2017	31.08.2016	31.08.2017	31.08.2016
	RM'000	RM'000	RM'000	RM'000
Current year taxation	3,314	3,131	4,903	4,361
Deferred taxation	(222)	(12)	(223)	(21)
	<u>3,092</u>	<u>3,119</u>	<u>4,680</u>	<u>4,340</u>

The effective tax rate for the financial period 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.

#### B6 Profit Before Taxation

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

	Quarter ended		Year-To Date ended	
	31.08.2017	31.08.2016	31.08.2017	31.08.2016
	RM'000	RM'000	RM'000	RM'000
Interest income	191	197	387	448
Interest expense	(654)	(518)	(1,329)	(900)
Other income	524	463	776	750
Depreciation and amortisation	<u>(839)</u>	<u>(1,056)</u>	<u>(1,693)</u>	<u>(2,134)</u>

#### B7 Status of Corporate Proposal

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



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### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

#### B8 Group Borrowings and Debt Securities

The Group borrowings & debts securities as at 31 August 2017 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Current</b>			
Term loans	7,226	-	7,226
Revolving Credits	40,500	-	40,500
Bank Overdrafts	3,976	-	3,976
Bankers' acceptances	3,556	-	3,556
Hire purchase liabilities	227	150	377
	55,485	150	55,635
<b>Non-current</b>			
Term loans	107,829	-	107,829
Hire purchase liabilities	583	146	729
	108,412	146	108,558
	<u>163,897</u>	<u>296</u>	<u>164,193</u>

#### B9 Changes in Material Litigation

There were no material litigations, which would have a material adverse effect on the financial results for the financial quarter and Year-To-Date ended 31 August 2017.

#### B10 Realised and Unrealised Profits/Losses

The breakdown of retained profits of the Group as at the reporting date were analysed as follows:

	As at 31.07.2017 RM' 000	As at 28.2.2017 RM' 000
Total retained earnings of the Group:		
- Realised profits	164,077	159,448
- Unrealised losses	<u>(12,504)</u>	<u>(12,727)</u>
	<u>151,573</u>	<u>146,721</u>

#### B11 Dividend Proposed

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



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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2017

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

#### B12 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 period by the weighted average number of ordinary shares in issue during the period.

	Quarter and		Year-To Date ended	
	31.08.2017	31.08.2016	31.08.2017	31.08.2016
<b><u>Basic earnings per share</u></b>				
Net profit attributable to equity holders of the company (RM'000)	3,862	(544)	4,852	(281)
Weighted average number of ordinary shares ('000)	128,000	128,000	128,000	128,000
Basic earnings per share (sen)	3.02	(0.43)	3.79	(0.22)

#### B13 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 26 October 2017.