



Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD
(Company No.: 199601005416 (377762-V))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020**

	Quarter Ended		Year-To-Date Ended	
	29.02.2020 RM'000	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2019 RM'000
Revenue	77,794	91,610	298,320	359,939
Cost of sales	(54,667)	(62,903)	(201,399)	(241,014)
Gross profit	23,127	28,707	96,921	118,925
Other operating income	681	807	2,723	3,657
Marketing and distribution expenses	(1,289)	7,615	(5,031)	(10,124)
Administrative expenses	(5,266)	(5,405)	(18,843)	(20,427)
Other operating expenses	(704)	(2,670)	(3,270)	(5,547)
Finance costs	(318)	663	(1,313)	(1,254)
Profit before tax	16,231	29,717	71,187	85,230
Tax expense	(3,913)	(8,006)	(17,900)	(23,729)
Profit for the period/year	12,318	21,711	53,287	61,501
Other comprehensive expenses				
Foreign currency translation differences for foreign operation	(86)	(217)	(168)	(188)
Total comprehensive income for the period/year	12,232	21,494	53,119	61,313
Profit attributable to:				
Equity holders of the Company	9,521	13,800	33,861	30,300
Non-controlling interest	2,797	7,911	19,426	31,201
	12,318	21,711	53,287	61,501
Total comprehensive income attributable to:				
Equity holders of the Company	9,437	13,604	33,692	30,126
Non-controlling interest	2,795	7,890	19,427	31,187
	12,232	21,494	53,119	61,313
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (sen)				
	7.44	10.78	26.45	23.67

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2019 and the accompanying explanatory notes attached to these Condensed Reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020**

	AS AT 29.02.2020 RM'000	AS AT 28.02.2019 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	64,924	65,722
Right-of-use assets	617	-
Other investments	-	7
Inventories	188,193	153,038
Investment properties	45,751	48,232
Deferred tax assets	2,344	2,385
	<u>301,829</u>	<u>269,384</u>
Current assets		
Inventories	117,769	150,894
Contract costs	6,085	6,980
Contract assets	167,424	108,917
Trade and other receivables	78,173	41,071
Sinking funds	802	832
Tax recoverable	2,271	2,997
Cash and bank balances	36,668	70,971
	<u>409,192</u>	<u>382,662</u>
TOTAL ASSETS	<u>711,021</u>	<u>652,046</u>



EUPE CORPORATION BERHAD
(Company No.: 199601005416 (377762-V))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020 (Contd.)**

	AS AT 29.02.2020 RM'000	AS AT 28.02.2019 RM'000 (AUDITED)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	133,982	133,982
Reserves	218,343	186,571
	<u>352,325</u>	<u>320,553</u>
Non-controlling interest	73,435	54,008
TOTAL EQUITY	<u>425,760</u>	<u>374,561</u>
Non-current liabilities		
Borrowings	95,243	102,666
Lease liabilities	252	-
Deferred tax liabilities	13,867	14,653
	<u>109,362</u>	<u>117,319</u>
Current liabilities		
Contract liabilities	12,880	14,527
Trade and other payables	67,334	60,049
Provisions	11,613	9,878
Borrowings	80,094	69,007
Lease liabilities	383	-
Current tax payables	3,595	6,705
	<u>175,899</u>	<u>160,166</u>
TOTAL LIABILITIES	<u>285,261</u>	<u>277,485</u>
TOTAL EQUITY AND LIABILITIES	<u>711,021</u>	<u>652,046</u>
<i>Number of ordinary shares ('000)</i>	<u>128,000</u>	<u>128,000</u>
Net asset per share attributable to equity holders of the Company (RM)	<u>2.75</u>	<u>2.50</u>

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EUPE CORPORATION BERHAD
(Company No.: 199601005416 (377762-V))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

	← Attributable to equity holders of the Company →				Total RM'000	Non - controlling interest RM'000	Total equity RM'000
	← Non-distributable →		Distributable				
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
At 1 March 2019	133,982	-	(40)	186,611	320,553	54,008	374,561
Profit for the year	-	-	-	33,861	33,861	19,426	53,287
Other comprehensive (expenses)/income	-	-	(169)	-	(169)	1	(168)
Total comprehensive (expenses)/income	-	-	(169)	33,861	33,692	19,427	53,119
Dividend paid	-	-	-	(1,920)	(1,920)	-	(1,920)
At 29 February 2020	133,982	-	(209)	218,552	352,325	73,435	425,760
At 1 March 2018	128,000	5,982	134	156,311	290,427	23,113	313,540
Profit for the year	-	-	-	30,300	30,300	31,201	61,501
Other comprehensive expenses	-	-	(174)	-	(174)	(14)	(188)
Total comprehensive (expenses)/income	-	-	(174)	30,300	30,126	31,187	61,313
Dividend paid to non-controlling interest	-	-	-	-	-	(292)	(292)
Transfer pursuant to Section 618 (2) of the Companies Act 2016	5,982	(5,982)	-	-	-	-	-
At 28 February 2019	133,982	-	(40)	186,611	320,553	54,008	374,561

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2019 and the accompanying explanatory notes attached to these Condensed Reports



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

	Year-To-Date Ended	
	29.02.2020	28.02.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	208,485	310,244
Cash payments to suppliers and creditors	(188,076)	(231,570)
Cash payments to employees and for expenses	(28,426)	(43,809)
Cash (used in)/generated from operations	(8,017)	34,865
Bank overdraft interest paid	(219)	(359)
Rental income received	512	580
Tax refund	1,561	106
Tax paid	(22,588)	(18,282)
Net cash (used in)/generated from operating activities	(28,751)	16,910
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	1,114	1,812
Proceed from disposal of property, plant and equipment	258	1
Proceed from disposal of investment properties	2,468	798
Proceed from disposal of other investment	7	-
Purchase of property, plant and equipment	(2,403)	(911)
Purchase of right-of-use assets	(996)	-
Net cash generated from investing activities	448	1,700



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020 (Contd.)**

	Year-To-Date Ended	
	29.02.2020	28.02.2019
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,920)	-
Drawdown of term loans	70,247	47,745
Repayment of term loans	(74,795)	(31,973)
Drawdown of revolving credits	22,835	14,092
Repayment of revolving credits	(14,835)	(14,902)
Net creation/(repayment) of bankers' acceptance	213	(200)
Net repayment of invoice financing	(198)	(909)
Net creation/(repayment) of hire purchase liabilities	357	(463)
Net creation of lease liabilities	635	-
Term loans interest paid	(7,655)	(669)
Revolving credit interest paid	(378)	(25)
Bankers' acceptance interest paid	(38)	(59)
Invoice financing interest paid	(59)	(112)
Hire purchase interest paid	(31)	(31)
Lease liabilities interest paid	(49)	-
Fixed deposits pledged to licensed bank	(1,029)	(2,260)
Net cash (used in)/generated from financing activities	(6,700)	10,234
Net (decrease)/increase in cash and cash equivalents	(35,003)	28,844
Effect of exchange rate changes	(168)	(61)
Cash and cash equivalents at beginning of financial year	63,269	34,515
Cash and cash equivalents at end of financial period	28,098	63,298
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	30,470	63,077
Fixed deposits with licensed banks	6,198	7,894
	36,668	70,971
Less: Bank overdraft	(2,518)	(2,678)
Deposits pledged as collateral	(6,052)	(4,995)
	28,098	63,298

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2019 and the accompanying explanatory notes attached to these Condensed Reports.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
Part A: Explanatory Notes Pursuant to MFRS 134**

A1 Basis of Preparation

These Condensed Consolidated Interim Financial Statements (“Condensed Report”) have been prepared in accordance with *Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting*, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and requirements of the Companies Act 2016, where applicable.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 28 February 2019. 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 2019.

A2 Accounting Policies

The accounting policies adopted in preparing this Condensed Report are consistent with those used in the audited financial statements for the financial year ended 28 February 2019, 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 2019

- *MFRS 16 Leases;*
- *IC Interpretation 23 Uncertainty over Income Tax Treatments;*
- *Amendments to MFRS 9 Financial Instruments (2014) – Prepayment Features with Negative Compensation;*
- *Amendments to MFRS 128 Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures;*
- *Amendments to MFRS 3 Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle);*
- *Amendments to MFRS 11 Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle);*
- *Amendments to MFRS 112 Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle);*
- *Amendments to MFRS 123 Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle); and*
- *Amendments to MFRS 119 Employee Benefits – Plan Amendment, Curtailment or Settlement.*



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)**

A2 Accounting Policies (Contd.)

The following Standards and amendments to standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group.

Effective for annual periods beginning on or after 1 January 2020

- *Amendments to References to the Conceptual Framework in MFRS Standards;*
- *Amendments to MFRS 3 Business Combination – Definition of a Business;*
- *Amendments to MFRS 101 Presentation of Financial Statements; and*
- *Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.*

Effective date yet to be confirmed

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

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* and MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

The adoption of the above pronouncements does not have any significant impact to the Group except for the following:

MFRS 16 Leases

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group and the Company are required to account for major part of its operating leases in the statement of financial position by recognising the ‘right-of-use’ assets and the lease liability, thus increasing the assets and liabilities of the Group and the Company.

Right-of-use assets of the Group comprise tenancy of office premises and warehouse. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at an amount equal to the lease liabilities.

Lease liabilities of the Group arising from the tenancy of office premises and warehouse are recognised and discounted using the weighted average incremental borrowing rate of the Group.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)**

A2 Accounting Policies (Contd.)

MFRS 16 Leases (Contd.)

Subsequent to initial recognition, the Group measures the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

IFRIC Agenda Decision

In March 2019, IFRIC published an agenda decision on borrowings costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualification assets. On 20 March 2019, the Malaysian Accounting Standards Board decided an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is assessing the impact on the change in accounting policy pursuant to IFRIC Agenda Decision on borrowing costs incurred on property under construction where control is transferred over time.

A3 Auditors' Report on Preceding Financial Year Financial Statements

The auditors' report on the financial statements for the financial year ended 28 February 2019 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 29 February 2020.

A6 Material Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter and year ended 29 February 2020.

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 29 February 2020.

A8 Dividend Paid

On 16 January 2020, the Board has declared an interim single-tier dividend of 1.5 sen per ordinary shares in respect of the financial year ended 29 February 2020 amounting to approximately RM1.9 million and was paid on 3 March 2020.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
Part A: Explanatory Notes Pursuant to FRS 134 (Contd.)

A9 Segmental Reporting

Financial Year Ended 29 February 2020

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	276,118	42,881	10,197	4,351	333,547
Elimination of inter- segment revenue	-	(33,360)	-	(1,867)	(35,227)
	<u>276,118</u>	<u>9,521</u>	<u>10,197</u>	<u>2,484</u>	<u>298,320</u>
Segment Results	73,784	19	(1,826)	(592)	71,385
Interest income	1,008	30	68	8	1,114
Finance costs	(253)	(437)	(510)	(112)	(1,312)
Profit before tax	<u>74,539</u>	<u>(388)</u>	<u>(2,268)</u>	<u>(696)</u>	<u>71,187</u>
Tax expense	(17,990)	-	282	(192)	(17,900)
Profit for the year	<u>56,549</u>	<u>(388)</u>	<u>(1,986)</u>	<u>(888)</u>	<u>53,287</u>

As At 29 February 2020

Segment assets	<u>588,269</u>	<u>20,142</u>	<u>56,693</u>	<u>45,917</u>	<u>711,021</u>
Liabilities					
Segment liabilities	87,405	10,089	8,602	3,828	109,924
Borrowings	140,468	27,431	7,046	392	175,337
	<u>227,873</u>	<u>37,520</u>	<u>15,648</u>	<u>4,220</u>	<u>285,261</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
Part A: Explanatory Notes Pursuant to MFRS 134 (Contd.)

A9 Segmental Reporting (Contd.)

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 year	<u>67,713</u>	<u>(1,469)</u>	<u>(3,763)</u>	<u>(980)</u>	<u>61,501</u>

As At 28 February 2019

Segment assets	<u>518,860</u>	<u>25,296</u>	<u>58,348</u>	<u>51,202</u>	<u>653,706</u>
Liabilities					
Segment liabilities	83,648	10,865	9,361	3,598	107,472
Borrowings	<u>143,729</u>	<u>19,192</u>	<u>7,417</u>	<u>1,335</u>	<u>171,673</u>
	<u>227,377</u>	<u>30,057</u>	<u>16,778</u>	<u>4,933</u>	<u>279,145</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 adopted the fair value model for its investment properties, but there is no significant or indicative in change in the fair value of the investment properties since the financial year ended 28 February 2019.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020
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 29 February 2020.

A13 Changes in Composition of the Group

There were changes in the composition of the Group during the financial year ended 29 February 2020.

A14 Contingent Liabilities and Assets

There were no contingent assets and no material changes in contingent liabilities since the 28 February 2019 except for the followings:

	29.02.2020	28.02.2019
	RM'000	RM'000
Guarantees given issued by the Company for banking facilities granted to subsidiaries	191,208	187,116
Guarantees given to suppliers of a subsidiary	135	261
	<u>191,343</u>	<u>187,377</u>

A15 Capital commitments

There were no capital commitments for the financial year ended 29 February 2020.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020

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		
	29.02.2020	28.02.2019	Changes	29.02.2020	28.02.2019	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	71,922	84,920	(12,998)	276,118	334,287	(58,169)
Property Construction	2,390	2,603	(213)	9,521	11,099	(1,578)
Chalet & Golf Management	2,884	3,473	(589)	10,197	11,944	(1,747)
Others	598	614	(16)	2,484	2,609	(125)
Total	77,794	91,610	(13,816)	298,320	359,939	(61,619)

Pre-tax Profit/(Loss)	Quarter Ended			Year-To-Date Ended		
	29.02.2020	28.02.2019	Changes	29.02.2020	28.02.2019	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	16,706	32,060	(15,354)	74,539	91,154	(16,615)
Property Construction	(143)	(945)	802	(388)	(1,470)	1,082
Chalet & Golf Management	(131)	(905)	774	(2,268)	(3,757)	1,489
Others	(201)	(493)	292	(696)	(697)	1
Total	16,231	29,717	(13,486)	71,187	85,230	(14,043)

Overview: Q4FY2020 vs Q4FY2019

For the current quarter ended 29 February 2020 ("Q4FY2020"), the Group recorded revenue of RM77.8 million which was RM13.8 million lower compared to revenue of RM91.6 million recorded in the preceding year's corresponding quarter ("Q4FY2019"). As a result, the Group's pre-tax profit decreased by RM13.5 million to RM16.2 million in Q4FY2020, compared to RM29.7 million in Q4FY2019.

The decrease in both the revenue and pre-tax profit for the current quarter was mainly due to the short-term transition stage for our KL projects, in which our first KL project, Novum@South Bangsar ("Novum") has reached its completion stage and, as a result, contributed lower revenue and pre-tax profit to the Group's financial performances. This decrease is being offset with the proceeds from Group's second KL project, Parc3@KL South ("Parc3"), which will take precedence in the next 12 months in terms of revenue and profit, underpinned by the project's sales take-up rate which is in excess of 90%, and continuous construction work progress.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020**

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

B1 Review of Performance (Contd.)

Overview: FY2020 vs FY2019

For financial year ended 29 February 2020 ("FY2020"), the Group's total revenue was RM298.3 million - RM61.6 million lower than the revenue of financial year ended 28 February 2019 ("FY2019") of RM359.9 million. This reduction was primarily due to lower revenue contributed by Novum which reached the completion stage of development during the financial year. This decreased contribution was moderated by an increase in Parc3's revenue contribution, due to its high sales take-up rate and steady construction work progress during the financial year under review.

As a result, the Group's pre-tax profit for the full-year was lower by RM14.0 million compared to FY2019, due to the lower contribution from Novum's pre-tax profit, as mentioned before.

However, the profit attributable to the equity holders of the company has improved from RM30.3 million, to RM33.9 million. This has also resulted in an improvement in the Group's EPS from 23.7 sen, to 26.5 sen.

The contribution from each of the Group's business divisions is as follows :

Property Development Division ("PDD")

Novum had reached its completion stage and is pending vacant possession, henceforth, its revenue contribution to the Group decreased by RM40.2 million and RM135.4 million for Q4FY2020 and FY2020, respectively, compared to Q4FY2019 and FY2019. This decrease was partially offset by the improved financial performance of Parc3, underpinned by its high sales take-up rate and continued progress of construction works. As a result, PDD's revenue for Q4FY2020 and FY2020 decreased by RM13.0 million and RM58.2 million, respectively, compared to Q4FY2019 and FY2019.

In line with the revenue, the pre-tax profit for the division also decreased by RM15.4 million and RM16.6 million, respectively, as compared to Q4FY2019 and FY2019.

Property Construction Division ("PCD")

Both the revenue and pre-tax loss for the current quarter for PCD was comparable to the corresponding quarter. PCD's revenue for FY2020 was RM1.6 million lower than the corresponding period, due to a few development projects were completed at the beginning of the financial year under review. The pre-tax loss, however, was reduced to RM0.4 million, compared to RM1.5 million a year ago, largely due to a one-off impairment loss on investment properties of RM1.0 million recognised in FY2019.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 29 FEBRUARY 2020**

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”)

There was no significant fluctuation for both revenue and pre-tax loss for CGMD for the current quarter under review, compared to the corresponding quarter.

For FY2020, CGMD achieved total revenue of RM10.2 million, representing a decrease of RM1.7 million, compared to FY2019. The decrease in revenue was attributable to ongoing challenges to sales performance, due to the soft economy which has affected the hospitality industry nationwide since 2nd half of 2019, coupled with the increasing competition from homestays service providers in the vicinity.

Ongoing efforts by management to rationalise costs offset to some extent on its pre-tax losses for FY2020 which was improved by RM1.5 million, compared to pre-tax loss of the preceding year’s corresponding period.

Others

The Others Division represents rental from investment properties as well as fruit cultivation. The Division reported a revenue of RM0.6 million and a pre-tax loss of RM0.2 million for Q4FY2020, and revenue of RM2.5 million and a pre-tax loss of RM0.7 million for FY2020. These results were similar to the preceding year’s corresponding quarter and financial year’s results.

B2 Material Changes in the Quarterly Results

	Quarter Ended		
	29.02.2020	30.11.2019	Changes
	RM'000	RM'000	RM'000
Revenue	77,794	56,630	21,164
Pre-tax profit	16,231	13,540	2,691

For Q4FY2020, the Group’s revenue increased by RM21.2 million, or 37.4%, compared to Q3FY2020. This increase was the result of PDD revenue increasing by RM20.5 million, from RM51.4 million to RM71.9 million.

The increase was primarily attributed to revenue from Northern Region PDD projects, due to improved progress of construction works. The revenue result was further enhanced by Parc3’s revenue with the improved continued progression of the construction works.

Likewise, the Group’s pre-tax profit increased by RM2.7 million or 19.9% compared to Q3FY2020 was mainly due to higher contribution from PDD as outlined above.



**NOTES TO THE FINANCIAL STATEMENTS
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Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)

B3 Prospects

The onset and spread of the COVID-19 virus have resulted in significant levels of uncertainty across the Malaysian as well as global economy. With the national government prioritizing curtailing the spread of the virus, a number of unknowns are now in play in terms of how economic and consumer trends will develop in coming months. These trends are not likely to become known until after the lifting of the current home isolation and social distancing rules that are now in effect, and the Government announces its transition strategy to returning the economy to normal activity.

As a result of these unprecedented and significant shifts, it is not possible to forecast with any accuracy at this stage how the current shutdown will impact on the property market and consumer demand for property products. However, it is worth noting that housing is a fundamental demand and the current economic situation is likely to accelerate the shift in the property market toward greater housing affordability on the one hand, and the imperative for property developers to clearly differentiate their products in terms of innovative design and lifestyle features. These are both strategies that are the core of Eupe's product development and we will refocus our efforts in these areas so that our future projects remain a compelling offer to buyers. Meanwhile, online campaigns such as social media, online advertisements, website and business association with the objective of adjusting our target audience during the Movement Control Order period been put in place.

B4 Profit Forecast

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

B5 Taxation

	Quarter Ended		Year-To-Date Ended	
	29.02.2020	28.02.2019	29.02.2020	28.02.2019
	RM'000	RM'000	RM'000	RM'000
Current year taxation	4,469	5,402	18,645	21,135
Deferred taxation	(556)	2,604	(745)	2,594
	<u>3,913</u>	<u>8,006</u>	<u>17,900</u>	<u>23,729</u>

The Group's effective tax rate was slightly higher than the statutory tax rate in Malaysia mainly due to certain expenses which were not deductible for tax purposes.



**NOTES TO THE FINANCIAL STATEMENTS
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Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)

B6 Profit Before Taxation

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

	Quarter Ended		Year-To-Date Ended	
	29.02.2020	28.02.2019	29.02.2020	28.02.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	255	462	1,114	1,813
Other income	426	345	1,609	1,844
Interest expense	(318)	663	(1,313)	(1,254)
Depreciation and amortisation	(872)	(1,181)	(3,399)	(3,848)
Impairment of assets	-	(1,015)	-	(1,118)
(Loss)/gain on disposal of property, plant and equipment	(2)	3	56	69
Loss on disposal of investment property	-	(50)	(18)	(150)
Bad debts write off	(42)	(22)	(51)	(26)
Bad debts recovered	5	-	5	-
Provision for doubtful debts	(148)	(391)	(148)	(391)
Revesal of provision for doubtful debts	366	-	366	-
Fixed assets write off	(8)	(12)	(14)	(14)
Foreign exchange gain/(loss)	-	2	(2)	2

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 29 February 2020 were as follows:

	Non-current RM'000	Current RM'000	Total RM'000
Secured			
Term loans	94,756	26,814	121,570
Revolving credits	-	48,510	48,510
Bank overdrafts	-	2,518	2,518
Bankers' acceptances	-	1,141	1,141
Invoice financing	-	944	944
Hire purchase liabilities	487	167	654
	95,243	80,094	175,337



**NOTES TO THE FINANCIAL STATEMENTS
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Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Contd.)

B9 Changes in Material Litigation

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

B10 Dividend Proposed

The Board has declared an interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 29 February 2020 amounting to approximately RM1.9 million and was paid on 3 March 2020.

The Board does not recommend any final dividend for the financial year ended 29 February 2020.

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-To-Date Ended	
	29.02.2020	28.02.2019	29.02.2020	28.02.2019
Basic EPS				
Net profit attributable to equity holders of the Company (RM'000)	<u>9,521</u>	<u>13,800</u>	<u>33,861</u>	<u>30,300</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>7.44</u>	<u>10.78</u>	<u>26.45</u>	<u>23.67</u>

B12 Authorised for Issue

The Condensed Report were authorised for issued by the Board in accordance with a resolution of the directors on 14 May 2020.