



**Building Lifestyles, Building Trust**

**EUPE CORPORATION BERHAD**  
[Registration No.: 199601005416 (377762-V)]  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022**



# EUPE CORPORATION BERHAD

[Registration No.: 199601005416 (377762-V)]

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022

	Quarter Ended		Year-To-Date	
	31.08.2022 RM'000	31.08.2021 RM'000	31.08.2022 RM'000	31.08.2021 RM'000
Revenue	43,413	33,157	75,228	87,060
Cost of sales	(31,572)	(22,060)	(54,261)	(60,923)
Gross profit	11,841	11,097	20,967	26,137
Other operating income	1,636	526	11,859	1,470
Marketing and distribution expenses	(1,666)	(1,594)	(3,350)	(2,976)
Administrative expenses	(5,776)	(3,892)	(10,835)	(7,503)
Other operating expenses	(1,035)	(927)	(1,866)	(1,737)
Finance costs	(511)	(578)	(898)	(1,183)
<b>Profit before tax</b>	<b>4,489</b>	<b>4,632</b>	<b>15,877</b>	<b>14,208</b>
Tax expense	(1,463)	(1,710)	(2,407)	(4,346)
<b>Profit for the period</b>	<b>3,026</b>	<b>2,922</b>	<b>13,470</b>	<b>9,862</b>
<b>Other comprehensive income</b>				
Foreign currency translation differences for foreign operation	-	3	-	3
<b>Total comprehensive income for the period</b>	<b>3,026</b>	<b>2,925</b>	<b>13,470</b>	<b>9,865</b>
<b>Profit attributable to:</b>				
Equity holders of the Company	2,229	2,687	12,587	7,878
Non-controlling interests	797	235	883	1,984
	<b>3,026</b>	<b>2,922</b>	<b>13,470</b>	<b>9,862</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	2,229	2,689	12,587	7,880
Non-controlling interest	797	236	883	1,985
	<b>3,026</b>	<b>2,925</b>	<b>13,470</b>	<b>9,865</b>
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (sen)	1.74	2.10	9.83	6.15

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2022 and the accompanying explanatory notes attached to these Condensed Reports.

**EUPE CORPORATION BERHAD**

[Registration No.: 199601005416 (377762-V)]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2022**

	AS AT 31.08.2022 RM'000	AS AT 28.02.2022 RM'000	Movement RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	57,665	58,770	(1,105)
Right-of-use assets	1,121	1,408	(287)
Inventories - land held for property development	195,596	141,782	53,814
Investment properties	41,270	44,020	(2,750)
Deferred tax assets	2,626	3,540	(914)
	<u>298,278</u>	<u>249,520</u>	<u>48,758</u>
<b>Current assets</b>			
Inventories - property development costs	90,163	91,035	(872)
Inventories - completed properties and others	29,089	30,900	(1,811)
Contract costs	12,564	6,682	5,882
Contract assets	35,704	21,269	14,435
Trade and other receivables	104,863	110,466	(5,603)
Sinking funds	679	674	5
Tax recoverable	1,301	585	716
Cash and cash equivalents	113,510	99,565	13,945
	<u>387,873</u>	<u>361,176</u>	<u>26,697</u>
<b>TOTAL ASSETS</b>	<u>686,151</u>	<u>610,696</u>	<u>75,455</u>

**EUPE CORPORATION BERHAD**

[Registration No.: 199601005416 (377762-V)]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2022 (CONT'D)**

	AS AT 31.08.2022 RM'000	AS AT 28.02.2022 RM'000	Movement RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	133,982	133,982	-
Reserves	293,858	281,065	12,793
	<u>427,840</u>	<u>415,047</u>	<u>12,793</u>
Non-controlling interests	38,372	37,507	865
<b>TOTAL EQUITY</b>	<u>466,212</u>	<u>452,554</u>	<u>13,658</u>
<b>Non-current liabilities</b>			
Long-term borrowings	88,834	45,730	43,104
Lease liabilities	757	869	(112)
Deferred tax liabilities	12,325	12,143	182
	<u>101,916</u>	<u>58,742</u>	<u>43,174</u>
<b>Current liabilities</b>			
Contract liabilities	2,642	1,047	1,595
Trade and other payables	75,524	67,464	8,060
Provisions	10,732	10,917	(185)
Short-term borrowings	27,675	17,016	10,659
Lease liabilities	398	559	(161)
Current tax payables	1,052	2,397	(1,345)
	<u>118,023</u>	<u>99,400</u>	<u>18,623</u>
<b>TOTAL LIABILITIES</b>	<u>219,939</u>	<u>158,142</u>	<u>61,797</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>686,151</u>	<u>610,696</u>	<u>75,455</u>
<i>Number of ordinary shares ('000)</i>	<u>128,000</u>	<u>128,000</u>	
Net assets per share attributable to equity holders of the Company (RM)	<u>3.34</u>	<u>3.24</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 2022 and the accompanying explanatory notes attached to these Condensed Reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2022**

	← Attributable to equity holders of the Company →					Total equity RM'000
	Share capital RM'000	Non-distributable Foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non - controlling interests RM'000	
<b>At 1 March 2022</b>	133,982	(206)	281,271	415,047	37,507	452,554
Profit for the financial period	-	-	12,587	12,587	883	13,470
Disposal of interests in subsidiaries	-	206	-	206	(18)	188
<b>At 31 August 2022</b>	<u>133,982</u>	<u>-</u>	<u>293,858</u>	<u>427,840</u>	<u>38,372</u>	<u>466,212</u>
<b>At 1 March 2021</b>	133,982	(208)	259,742	393,516	42,446	435,962
Profit for the financial period	-	-	7,878	7,878	1,984	9,862
Other comprehensive income	-	2	-	2	1	3
Total comprehensive income	-	2	7,878	7,880	1,985	9,865
Change in interest in a subsidiary	-	-	(3)	(3)	3	-
<b>At 31 August 2021</b>	<u>133,982</u>	<u>(206)</u>	<u>267,617</u>	<u>401,393</u>	<u>44,434</u>	<u>445,827</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 2022 and the accompanying explanatory notes attached to these Condensed Reports.*

**EUPE CORPORATION BERHAD***[Registration No.: 199601005416 (377762-V)]***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2022**

	Year-To-Date Ended	
	31.08.2022	31.08.2021
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	99,380	64,393
Cash payments to suppliers and creditors	(99,189)	(67,610)
Cash payments to employees and for expenses	(15,794)	(27,391)
Cash used in operations	(15,603)	(30,608)
Deposit received	530	-
Deposit paid	(32,123)	-
Bank overdraft interest paid	(89)	(84)
Rental income received	387	425
Tax refunded	-	1,156
Tax paid	(3,341)	(5,562)
Net cash used in operating activities	(50,239)	(34,673)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	1,010	368
Proceed from disposal of investment properties	2,606	-
Purchase of property, plant and equipment	(226)	(151)
Net changes in fixed deposits pledged	4,313	(4,430)
Net proceeds from disposal of subsidiaries	9,471	-
Net cash generated from/(used in) investing activities	17,174	(4,213)

**EUPE CORPORATION BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL YEAR-TO-DATE ENDED 31 AUGUST 2022 (CONT'D)**

	Year-To-Date Ended	
	31.08.2022 RM'000	31.08.2021 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	52,604	13,031
Repayment of term loans	(4,752)	(5,085)
Drawdown of revolving credits	11,000	6,030
Repayment of revolving credits	(5,000)	(4,065)
Net repayment of bankers' acceptance	-	(1,613)
Net repayment of invoice financing	-	(3,232)
Net repayment of hire purchase	(126)	(120)
Net repayment of lease liabilities	(273)	(199)
Term loans interest paid	(1,347)	(1,833)
Revolving credits interest paid	(777)	(11)
Invoice financing interest paid	-	(11)
Hire purchase interest paid	(16)	(22)
Lease liabilities interest paid	(26)	(5)
Net cash generated from financing activities	51,287	2,865
Net increase/(decrease) in cash and cash equivalents	18,222	(36,021)
Effect of exchange rate changes	-	3
Cash and cash equivalents at beginning of financial period	81,807	59,902
Cash and cash equivalents at end of financial period	100,029	23,884
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	63,284	25,922
Fixed deposits with licensed banks	50,226	19,776
	113,510	45,698
Less: Bank overdraft	(2,587)	(2,358)
Deposits pledged as collateral	(10,894)	(19,456)
	100,029	23,884

*The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2022 and the accompanying explanatory notes attached to these Condensed Reports.*



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022**

**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 2022. 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 2022.

**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 2022, except for the adoption of new standards and amendments to standards and interpretation as follows:

**Amendments to MFRSs adopted**

For the preparation of the Condensed Report, the following amendments to MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2022:

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts–Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

The adoption of above-mentioned accounting standards, amendments and interpretations has no significant impact on the financial statements of the Group.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022**

**Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)**

**A2 Accounting Policies (cont'd)**

**Amendments to MFRSs not yet effective**

The following are amendments to MFRSs that have been issued by the MASB but have not been adopted by the Group:

**Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023**

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

**Amendments to MFRSs effective for annual periods beginning on or after a 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*

**MFRSs and Amendments to MFRSs not adopted**

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022**

**Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)**

**A3 Auditors' Report on Preceding Financial Year Financial Statements**

The auditors' report on the financial statements for the financial year ended 28 February 2022 was unmodified.

**A4 Seasonal or Cyclical Factors**

The results for the financial quarter and year-to-date ended 31 August 2022 were not materially affected by seasonal or cyclical factors, except for the Chalet & 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 flows of the Group during the financial quarter and year-to-date ended 31 August 2022.

**A6 Material Changes in Estimates**

There were no changes in estimates that have had any material effect during the financial quarter and year-to-date ended 31 August 2022.

**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 2022.

**A8 Dividend Paid**

No dividends were paid during the financial quarter and year-to-date ended 31 August 2022.

**EUPE CORPORATION BERHAD**

[Registration No.: 199601005416 (377762-V)]

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022****Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)****A9 Segmental Reporting****Financial Year-To-Date Ended 31 August 2022**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	63,677	21,804	3,395	1,640	90,516
Elimination of inter- segment revenue	-	(14,960)	-	(328)	(15,288)
	63,677	6,844	3,395	1,312	75,228
Segment results	8,508	(419)	(1,035)	8,711	15,765
Interest income	959	42	7	2	1,010
Finance costs	(675)	(4)	(219)	-	(898)
Profit/(Loss) before tax	8,792	(381)	(1,247)	8,713	15,877
Tax expense	(2,216)	(32)	-	(159)	(2,407)
Profit/(Loss) for the period	6,576	(413)	(1,247)	8,554	13,470

**As At 31 August 2022****Assets**

Segment assets	560,221	26,454	48,918	50,558	686,151
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**Liabilities**

Segment liabilities	80,262	12,073	6,522	4,573	103,430
Borrowings	108,829	124	7,556	-	116,509
	189,091	12,197	14,078	4,573	219,939

**EUPE CORPORATION BERHAD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022****Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)****A9 Segmental Reporting (cont'd)****Financial Year-To-Date Ended 31 August 2021**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	79,950	25,069	2,260	1,647	108,926
Elimination of inter- segment revenue	-	(21,402)	(139)	(325)	(21,866)
	79,950	3,667	2,121	1,322	87,060
Segment results	17,200	(436)	(1,288)	(454)	15,022
Interest income	342	13	11	3	369
Finance costs	(938)	(25)	(219)	(1)	(1,183)
Profit/(Loss) before tax	16,604	(448)	(1,496)	(452)	14,208
Tax expense	(3,914)	(251)	-	(181)	(4,346)
Profit/(Loss) for the period	12,690	(699)	(1,496)	(633)	9,862

**As At 31 August 2021****Assets**

Segment assets	497,216	18,351	50,285	51,453	617,305
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**Liabilities**

Segment liabilities	66,062	8,768	6,562	3,721	85,113
Borrowings	74,196	4,376	7,793	-	86,365
	140,258	13,144	14,355	3,721	171,478

**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 Investment Properties**

The Group has adopted the fair value model for its investment properties, but there is no significant or indicative change in the fair value of the investment properties since the financial year ended 28 February 2022.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022****Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)****A12 Significant Event Subsequent to the Reporting Period**

On 23 May 2022, Eupe Belfield Sdn. Bhd. (“EBSB”) entered into a conditional Sale and Purchase Agreement with Cahaya Tinggi Sdn. Bhd. for the acquisition of a parcel of leasehold land of Lot 20034, Seksyen 69, Bandar Kuala Lumpur measuring approximately 4.812 acres (or 19,474 square meters) for a purchase consideration of RM125.0 million, which will be satisfied entirely in cash (“Proposed Acquisition”). The Proposed Acquisition had completed following the payment of the balance purchase price of RM93.8 million on 20 September 2022.

**A13 Changes in Composition of the Group**

There were no material changes in the composition of the Group for the financial quarter and year-to-date ended 31 August 2022 except for the following:

- i) On 1 April 2022, the Company entered into Share Sale Agreements with LYM Investments Pty. Ltd. for the disposal of its entire equity stake in 70% owned subsidiary companies namely Australasia Development (M) Pty. Ltd. and Australasia Development Pty. Ltd. for a total sale consideration of AUD3,100,001 (equivalent to RM9,470,503).
- ii) On 9 May 2022, the Company’s wholly-owned subsidiary, Eupe Kemajuan Sdn. Bhd., incorporated a wholly-owned subsidiary with cash subscription of RM100, namely EBSB. The principal activity of EBSB is to carry on the business of property development.

**A14 Contingent Liabilities and Assets**

The Group has claims for liquidated ascertained damages for one of its residential projects. The impact to the Group arising from these claims is RM8.2 million should the claims be successful.

The proceedings in respect of these claims are, as at the date of this report, still on-going and accordingly, no provision for any liability has been made in the financial statements.

**A15 Capital Commitments**

Capital commitment not provided for in the financial quarter and year-to-date ended 31 August 2022 is as follows:-

	<b>31.08.2022</b>	<b>28.02.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Approved and contracted for:</b>		
- Development lands acquired under Sale and Purchase Agreement	93,750	36,000

Kindly refer to Note A12 for more information.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022**

**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		
	31.08.2022	31.08.2021	Changes	31.08.2022	31.08.2021	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	36,874	30,771	6,103	63,677	79,950	(16,273)
Property Construction	4,115	925	3,190	6,844	3,667	3,177
Chalet & Golf Management	1,789	797	992	3,395	2,121	1,274
Others	635	664	(29)	1,312	1,322	(10)
<b>Total</b>	<b>43,413</b>	<b>33,157</b>	<b>10,256</b>	<b>75,228</b>	<b>87,060</b>	<b>(11,832)</b>

Pre-tax Profit/(Loss)	Quarter Ended			Year-To-Date		
	31.08.2022	31.08.2021	Changes	31.08.2022	31.08.2021	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	5,456	6,154	(698)	8,792	16,604	(7,812)
Property Construction	(75)	(281)	206	(381)	(448)	67
Chalet & Golf Management	(622)	(823)	201	(1,247)	(1,496)	249
Others	(270)	(418)	148	8,713	(452)	9,165
<b>Total</b>	<b>4,489</b>	<b>4,632</b>	<b>(143)</b>	<b>15,877</b>	<b>14,208</b>	<b>1,669</b>

**Overview:**

The Group achieved an increase in revenue totalling RM43.4 million for the quarter ended 31 August 2022 (“Q2FY2023”), compared to RM33.2 million recorded for the preceding year’s corresponding quarter (“Q2FY2022”). The Group recorded a pre-tax profit for Q2FY2023 of RM4.5 million, a comparable outcome to Q2FY2022’s pre-tax profit.

The increase in revenue was mainly due to a higher revenue contribution from the Group’s third KL project, **Est8@Seputeh (“Est8”)** as well as increased revenue from the supply of building materials due to increased construction activity, in turn the result of the ongoing easing of movement restrictions.

The Group’s total revenue of RM75.2 million for the six-month period ended 31 August 2022 (“6MFY2023”) was lower by RM11.8 million, compared to RM87.0 million recorded over the same six-month period last year (“6MFY2022”). This decrease reflected the fact that the Group’s second KL project, **Parc3@KL South (“Parc3”)** was completed and handed over to purchasers in December 2021, hence zero contribution for 6MFY2023. This was partially offset with the six-month period of proceeds from the **Est8**, which is now only at its earlier stages of construction cycle.

Despite the lower revenue outcome in 6MFY2023, the Group’s pre-tax profit had increased slightly from RM14.2 million in 6MFY2022, to RM15.9 million in 6MFY2023. Please refer to following pages for a review on the performance of each of the Group’s business divisions.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022**

**Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)**

**B1 Review of Performance (cont'd)**

The contribution from each of the Group's business division for the quarter under review, is as follows:

**Property Development Division ("PDD")**

PDD's revenue increased by RM6.1 million, or 19.8%, from RM30.8 million in Q2FY2022, to RM36.9 million in Q2FY2023.

The revenue increase of RM7.3 million recorded by PDD's Central Region was due solely to the proceeds from **Est8**, which was launched in November 2021. The quarter-on-quarter increase was partially offset by the absence of revenue from **Parc3** which was completed and handed over to buyers.

PDD's Northern Region reported a quarter-on-quarter decrease of RM1.2 million in revenue primarily due to the completion of seven phases of the projects under **Astana Park Home A** and **Puncak Surya** during the previous financial year. The decrease was also due to lower site progress for three phases of the **Astana Park Home B** and **Padang Serai Ria Heights** projects, as these phases near completion.

The revenue decrease in the Northern Region was partially offset by four newly launched phases of projects at **Astana Park Home A** and **Bandar Seri Astana B2**, coupled with higher sales take-up rates and site progress of two phases at **Cinta Sayang Resort Villas** and **Padang Serai Ria Heights**.

Despite the higher revenue outcome, PDD recorded a slightly lower pre-tax profit of RM5.5 million in Q2FY2023, compared to RM6.2 million in Q2FY2022, due to higher administrative costs.

PDD's revenue and pre-tax profit for 6MFY2023 of RM63.7 million and RM8.8 million, were both lower by RM16.3 million and RM7.8 million respectively, compared to revenue of RM80.0 million and pre-tax profit of RM16.6 million recorded in 6MFY2022. These decreases were mainly due to the completion and handover of **Parc3** in the Central Region in late 2021, as well as the completion of seven phases of projects in Northern Region.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022**

**Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)**

**B1 Review of Performance (cont'd)**

**Property Construction Division (“PCD”)**

Revenue from PCD is solely derived from the supply of building materials to subcontractors.

PCD reported a 355.6% increase in revenue from RM0.9 million in Q2FY2022 to RM4.1 million in Q2FY2023. Similarly, PCD’s revenue for 6MFY2023 increased by RM3.2 million compared to 6MFY2022. The increase was mainly due to ongoing post-COVID recovery in the construction sector and an increase in demand in building materials.

PCD’s pre-tax loss for both Q2FY2023 and 6MFY2023 of RM0.1 million and RM0.4 million, were lower by RM0.2 million and RM0.1 million respectively, compared to the pre-tax loss of RM0.3 million in Q2FY2022 and RM0.5 million in 6MFY2022.

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

CGMD more than doubled its revenue from RM0.8 million in Q2FY2022, to RM1.8 million in Q2FY2023. This translated into higher total revenue of RM3.4 million in 6MFY2023, compared to RM2.1 million in 6MFY2022. The increases were due to the recent relaxation on COVID-related movement restrictions which has boosted demand for leisure and hospitality sectors. On the back of this, **Cinta Sayang Resort** generated higher sales over the period from solid increases in room occupancy and banquet events.

As a result, CGMD’s pre-tax loss for Q2FY2023 and 6MFY2023 decreased by RM0.2 million compared to Q2FY2022 and 6MFY2022 respectively.

**Others**

The Others’ division revenue represents rental from the Group’s investment properties. Revenue for both Q2FY2023 and 6MFY2023 were comparable to Q2FY2022 and 6MFY2022 respectively.

The division recorded slightly lower pre-tax loss of RM0.3 million in Q2FY2023, compared to RM0.4 million in Q2FY2022.

The division reported a pre-tax profit of RM8.7 million in 6MFY2023, a significant increase from pre-tax loss of RM0.5 million recorded for 6MFY2022. This was primarily due to the gain on disposal of the Group’s Australian-based subsidiaries.





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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022

#### Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

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

	Quarter Ended		
	31.08.2022 RM'000	31.05.2022 RM'000	Changes RM'000
Revenue	43,413	31,815	11,598
Pre-tax profit	4,489	11,388	(6,899)

The Group's revenue for Q2FY2023 improved by RM11.6 million, or 36.5%, compared to revenue recorded for the immediate preceding quarter ("Q1FY2023"). The result was primarily due to strong sales take-up rates for current projects, notably Central Region's **Est8** and Northern Region's **Cinta Sayang Resort Villas**, as well as improved construction progress from **Padang Serai Ria Heights**.

Despite the increase in revenue, pre-tax profit fell by RM6.9 million, or 60.5%, as compared to Q1FY2023. The decrease was primarily due to the gain of RM9.2 million from disposal of subsidiaries based in Australia was recognised in Q1FY2023. Otherwise, Q2FY2023's pre-tax profit had also shown improvement which is in line with the better performance in Q2FY2023's revenue.



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**Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)**

**B3 Prospects**

Malaysia's economy continues to rebound from the relaxation of COVID-related movement restrictions, with latest GDP growth rate higher than forecasts. This above-trend growth continues to be underpinned by solid domestic demand, improving consumer confidence and job security as well as rising commodity prices. At the same time, weakening in global economic conditions, geopolitical uncertainties (i.e. debates on Budget 2023 was put on hold following the dissolution of Parliament on 10 October 2022 as well as the looming General Election) and continuing supply chain disruptions continue to present headwinds. In addition, Malaysia's inflation rate continues to trend upwards although at a rate less than other countries' economies. In sum, while the external environment has been challenging, Malaysia's domestic economy appears less affected compared to many others, partly also the result of subsidies provided through government's expenditures.

Set against this backdrop, demand for housing and commercial units should remain strong provided there are no sudden changes or disruptions to the market. Underlying property demand continue to improve particularly among younger demographics seeking for property ownership. Recent government's initiatives to support home buyers will also improve the market sentiment. Risks to the recovery in the property market include rising interest rates and a sharper-than-expected deterioration in global economic conditions.

As economic conditions in Malaysia improve and property market becomes increasingly competitive, it is even more important for developers offer buyers both value for money and design differentiation. As highlighted previously, the Group continues to focus and refine its property development model by combining affordability and differentiation to create a compelling offering to buyers. The Group's third KL project, **Est8** which was launched late last year now has a take-up rate nearing 90 per cent. The Group's fourth KL development project, **Helix2@PJ South** has likewise received a pleasing market response.

The Group is continuing with the planning and design work for the 4.81 acres parcel land newly acquired at Belfield, the site of the Group's fifth KL development project and the largest project to-date, as well as planning work for **Edgewater Estate**, the Group's proposed residential and commercial development on the 53.74 acres of prime land in Sungai Petani, Kedah.

**NOTES TO THE FINANCIAL STATEMENTS  
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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	
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
	RM'000	RM'000	RM'000	RM'000
Current year taxation	760	1,947	1,311	4,592
Deferred taxation	703	(237)	1,096	(246)
	<u>1,463</u>	<u>1,710</u>	<u>2,407</u>	<u>4,346</u>

The Group's effective tax rate in Q2FY2023 was higher than the statutory tax rate in Malaysia mainly due to certain expenses not deductible for tax purposes and losses in certain subsidiaries which are not available to set off against taxable profits of other subsidiaries. However, the effective tax rate in 6MFY2023 was lower than the statutory tax rate in Malaysia mainly attributed to the gain on disposal of foreign subsidiaries which is not subject to tax.

**B6 Profit Before Tax**

The following amounts have been included in arriving at Profit Before Tax:

	Quarter Ended		Year-To-Date Ended	
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
	RM'000	RM'000	RM'000	RM'000
Interest income	460	136	1,010	369
Gain on disposal of a subsidiary	-	-	9,223	-
Gain on disposal of an investment property	49	-	49	-
Gain on disposal of property, plant and equipment	42	-	50	15
Other income	1,085	390	1,527	1,101
Interest expense	(511)	(578)	(898)	(1,183)
Depreciation and amortisation	(842)	(825)	(1,666)	(1,650)
Bad debts written off	-	(102)	-	(102)
Fixed assets written off	-	-	(2)	-
Loss on disposal of a subsidiary	-	-	(2)	-
Loss on disposal of an investment property	(194)	-	(194)	-
	<u>(194)</u>	<u>-</u>	<u>(194)</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2022****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B7 Status of Corporate Proposal**

On 23 May 2022, EBSB entered into a conditional Sale and Purchase Agreement with Cahaya Tinggi Sdn. Bhd. for the acquisition of a parcel of leasehold land for a purchase consideration of RM125.0 million, which will be satisfied entirely in cash. The acquisition of land had completed following the payment of the balance purchase price of RM93.8 million on 20 September 2022. Kindly refer to Note A12 for more information.

**B8 Group Borrowings and Debt Securities**

The Group borrowings and debt securities as at 31 August 2022 were as follows:

	Non-current RM'000	Current RM'000	Total RM'000
<b>Secured</b>			
Term loans	88,326	18,959	107,285
Revolving credits	-	6,000	6,000
Bank overdrafts	-	2,587	2,587
Hire purchase liabilities	508	129	637
	<u>88,834</u>	<u>27,675</u>	<u>116,509</u>

**B9 Changes in Material Litigation**

Save as disclosed in appendix A14, there was no other material litigation against the Group as at the reporting date.

**B10 Dividend**

The Board of Directors has approved and declared an interim single tier dividend of 1.8 sen (Q2FY2022 - 1.5 sen) per ordinary share amounting to approximately RM2.3 million in respect of the financial year ending 28 February 2023. The interim dividend will be paid on 14 December 2022 to shareholders whose names appear on the Company's Record of Depositors on 30 November 2022.



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#### Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

##### B11 Earnings Per Share

The earnings per share ("EPS") have been calculated by dividing the Group's net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

	Quarter Ended		Year-To-Date Ended	
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
<b>Basic EPS</b>				
Net profit attributable to equity holders of the Company (RM'000)	<u>2,229</u>	<u>2,687</u>	<u>12,587</u>	<u>7,878</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>1.74</u>	<u>2.10</u>	<u>9.83</u>	<u>6.15</u>

##### B12 Authorised for Issue

The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 October 2022.