



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 MAY 2023

**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 MAY 2023**

	QUARTER AND YEAR-TO-DATE ENDED	
	31.05.2023	31.05.2022
	RM'000	RM'000
Revenue	70,517	31,815
Cost of sales	(51,560)	(22,689)
Gross profit	18,957	9,126
Other operating income	974	10,223
Marketing and distribution expenses	(1,629)	(1,684)
Administrative expenses	(5,277)	(5,059)
Other operating expenses	(792)	(831)
Finance costs	(939)	(387)
Profit before tax	11,294	11,388
Tax expense	(2,746)	(944)
Profit/ Total comprehensive income for the period	8,548	10,444
Profit/ Total comprehensive income attributable to:		
Equity holders of the Company	6,811	10,358
Non-controlling interests	1,737	86
	8,548	10,444
Basic Earnings Per Share ("EPS") attributable to equity holders of the Company (sen)	5.32	8.09

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2023 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 MAY 2023**

	AS AT 31.05.2023 RM'000	AS AT 28.02.2023 RM'000	MOVEMENT RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	60,747	57,016	3,731
Right-of-use assets	691	835	(144)
Inventories - land held for property development	283,509	272,890	10,619
Investment properties	40,143	40,143	-
Deferred tax assets	4,572	4,674	(102)
	<u>389,662</u>	<u>375,558</u>	<u>14,104</u>
Current assets			
Inventories - property development costs	132,824	136,196	(3,372)
Inventories - completed properties and others	24,077	26,835	(2,758)
Contract costs	17,583	16,590	993
Contract assets	85,359	66,634	18,725
Trade and other receivables	57,312	55,139	2,173
Sinking funds	691	687	4
Tax recoverable	734	1,540	(806)
Cash and cash equivalents	83,240	87,776	(4,536)
	<u>401,820</u>	<u>391,397</u>	<u>10,423</u>
TOTAL ASSETS	<u>791,482</u>	<u>766,955</u>	<u>24,527</u>

**EUPE CORPORATION BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023 (CONT'D)**

	AS AT 31.05.2023 RM'000	AS AT 28.02.2023 RM'000	MOVEMENT RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	133,982	133,982	-
Reserves	311,902	305,091	6,811
	<u>445,884</u>	<u>439,073</u>	<u>6,811</u>
Non-controlling interests	20,617	18,880	1,737
TOTAL EQUITY	<u>466,501</u>	<u>457,953</u>	<u>8,548</u>
Non-current liabilities			
Long-term borrowings	189,572	175,018	14,554
Lease liabilities	220	278	(58)
Deferred tax liabilities	13,028	13,279	(251)
	<u>202,820</u>	<u>188,575</u>	<u>14,245</u>
Current liabilities			
Contract liabilities	3,501	1,195	2,306
Trade and other payables	77,241	83,648	(6,407)
Provisions	13,105	13,335	(230)
Short-term borrowings	25,628	19,988	5,640
Lease liabilities	504	592	(88)
Current tax payables	2,182	1,669	513
	<u>122,161</u>	<u>120,427</u>	<u>1,734</u>
TOTAL LIABILITIES	<u>324,981</u>	<u>309,002</u>	<u>15,979</u>
TOTAL EQUITY AND LIABILITIES	<u>791,482</u>	<u>766,955</u>	<u>24,527</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>3.48</u>	<u>3.43</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 2023 and the accompanying explanatory notes attached to these Condensed Reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023**

	← Attributable to equity holders of the Company →				Non - controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000		
At 1 March 2023	133,982	-	305,091	439,073	18,880	457,953
Profit for the financial period	-	-	6,811	6,811	1,737	8,548
At 31 May 2023	<u>133,982</u>	<u>-</u>	<u>311,902</u>	<u>445,884</u>	<u>20,617</u>	<u>466,501</u>
At 1 March 2022	133,982	(206)	281,271	415,047	37,507	452,554
Profit for the financial period	-	-	10,358	10,358	86	10,444
Disposal of interests in subsidiaries	-	206	-	206	(18)	188
At 31 May 2022	<u>133,982</u>	<u>-</u>	<u>291,629</u>	<u>425,611</u>	<u>37,575</u>	<u>463,186</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 2023 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 QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023**

	QUARTER AND YEAR-TO-DATE ENDED	
	31.05.2023	31.05.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	49,586	46,421
Cash payments to suppliers and creditors	(43,271)	(59,076)
Cash payments to employees and for expenses	(13,786)	(11,052)
Cash used in from operations	(7,471)	(23,707)
Deposit received	29	-
Deposit paid	(25)	(12,503)
Bank overdraft interest paid	-	(43)
Rental income received	210	194
Tax refunded	-	84
Tax paid	(1,577)	(1,768)
Net cash used in operating activities	(8,834)	(37,743)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of freehold land	(13,315)	-
Interest income received	493	550
Purchase of property, plant and equipment	(250)	(152)
Net changes in fixed deposits pledged	581	4,314
Net proceeds from disposal of subsidiaries	-	9,471
Net cash (used in)/ generated from investing activities	(12,491)	14,183

**EUPE CORPORATION BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023 (CONT'D)**

	QUARTER AND YEAR-TO-DATE ENDED	
	31.05.2023	31.05.2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	26,262	34,138
Repayment of term loans	(13,985)	(2,196)
Drawdown of revolving credits	9,000	11,000
Repayment of revolving credits	(1,050)	(5,000)
Net repayment of hire purchase	(73)	(63)
Net repayment of lease liabilities	(146)	(136)
Bank overdraft interest paid	(49)	-
Term loans interest paid	(2,409)	(545)
Revolving credits interest paid	(90)	(381)
Hire purchase interest paid	(7)	(8)
Lease liabilities interest paid	(8)	(11)
Net cash generated from financing activities	17,445	36,798
Net (decrease)/ increase in cash and cash equivalents	(3,880)	13,238
Cash and cash equivalents at beginning of financial year	70,870	81,807
Cash and cash equivalents at end of financial period	66,990	95,045
Cash and cash equivalents at end of financial period comprise the following :		
Cash and bank balances	47,386	40,076
Fixed deposits with licensed banks	35,854	68,438
	83,240	108,514
Less: Bank overdraft	(2,417)	(2,576)
Deposits pledged as collateral	(13,833)	(10,893)
	66,990	95,045

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2023 and the accompanying explanatory notes attached to these Condensed Reports.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023**

Part A: Explanatory Notes Pursuant to MFRS 134

A1 Basis of Preparation

The 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 2023. The explanatory notes attached to the Condensed Report provide 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 2023.

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 2023, except for the adoption of new standards and amendments to the MFRSs as disclosed below:

Amendments to MFRSs adopted

For the preparation of the Condensed Report, the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) are mandatory for the first time for the financial year beginning on or after 1 January 2023:

- 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 immediately for financial year ending on or after 30 June 2023

- Amendments to MFRS 112 *Income Taxes – International Tax Reform – Pillar Two Model Rules*

The adoption of the abovementioned amendments to MFRSs 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 MAY 2023**

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 2024

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 applicable

- 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 MAY 2023**

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 2023 was unmodified.

A4 Seasonal or Cyclical Factors

The results for the financial quarter and year-to-date ended 31 May 2023 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 May 2023.

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 May 2023.

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 May 2023.

A8 Dividend Paid

No dividends were paid during the financial quarter and year-to-date ended 31 May 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023****Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)****A9 Segmental Reporting****Financial Quarter and Year-To-Date Ended 31 May 2023**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	65,404	17,952	1,564	818	85,738
Elimination of inter- segment revenue	(2,575)	(12,474)	(25)	(147)	(15,221)
	<u>62,829</u>	<u>5,478</u>	<u>1,539</u>	<u>671</u>	<u>70,517</u>
Segment results	12,389	147	(707)	(89)	11,740
Interest income	424	62	7	-	493
Finance costs	(813)	(5)	(121)	-	(939)
Profit/(Loss) before tax	<u>12,000</u>	<u>204</u>	<u>(821)</u>	<u>(89)</u>	<u>11,294</u>
Tax expense	(2,507)	(215)	30	(54)	(2,746)
Profit/(Loss) for the period	<u>9,493</u>	<u>(11)</u>	<u>(791)</u>	<u>(143)</u>	<u>8,548</u>

As At 31 May 2023**Assets**

Segment assets	<u>666,467</u>	<u>27,780</u>	<u>52,032</u>	<u>45,203</u>	<u>791,482</u>
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Liabilities

Segment liabilities	82,912	16,896	7,138	2,835	109,781
Borrowings	<u>208,097</u>	<u>66</u>	<u>7,037</u>	<u>-</u>	<u>215,200</u>
	<u>291,009</u>	<u>16,962</u>	<u>14,175</u>	<u>2,835</u>	<u>324,981</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023****Part A: Explanatory Notes Pursuant to MFRS 134 (cont'd)****A9 Segmental Reporting (cont'd)****Financial Quarter and Year-To-Date Ended 31 May 2022**

	Property Development RM'000	Property Construction RM'000	Chalet & Golf Management RM'000	Others RM'000	Total RM'000
Revenue	26,803	10,909	1,606	844	40,162
Elimination of inter- segment revenue	-	(8,180)	-	(167)	(8,347)
	26,803	2,729	1,606	677	31,815
Segment results	3,089	(314)	(531)	8,981	11,225
Interest income	526	10	12	2	550
Finance costs	(279)	(2)	(106)	-	(387)
Profit/(Loss) before tax	3,336	(306)	(625)	8,983	11,388
Tax expense	(866)	-	-	(78)	(944)
Profit/(Loss) for the period	2,470	(306)	(625)	8,905	10,444

As At 31 May 2022**Assets**

Segment assets	540,519	25,728	49,508	50,114	665,869
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Liabilities

Segment liabilities	81,035	10,407	6,630	3,961	102,033
Borrowings	92,849	142	7,659	-	100,650
	173,884	10,549	14,289	3,961	202,683

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 2023.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023**

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

A12 Significant Event Subsequent to the Reporting Period

There was no significant event which has arisen since 28 February 2023 up to the date of this report, which would substantially affect the financial results of the Group for the financial quarter and year-to-date ended 31 May 2023.

A13 Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial quarter and year-to-date ended 31 May 2023.

A14 Contingent Liabilities and Assets

The contingent liabilities of the Group for the financial quarter and year-to-date ended 31 May 2023 amounted to RM7.4 million representing claims for liquidated ascertained damages in respect of one of the residential projects undertaken by the Group, should the claims be successful.

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

A15 Capital Commitments

	31.05.2023	28.02.2023
	RM'000	RM'000
Approved and contracted for:		
- Development lands acquired under Sale and Purchase Agreement	-	13,315
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad****B1 Review of Performance**

Segment	Revenue			Pre-tax Profit/ (Loss)		
	31.05.2023 Q1FY2024	31.05.2022 Q1FY2023	Changes	31.05.2023 Q1FY2024	31.05.2022 Q1FY2023	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property Development	62,829	26,803	36,026	12,000	3,336	8,664
Property Construction	5,478	2,729	2,749	204	(306)	510
Chalet and Golf Management	1,539	1,606	(67)	(821)	(625)	(196)
Others	671	677	(6)	(89)	8,983	(9,072)
Total	70,517	31,815	38,702	11,294	11,388	(94)

Q1FY2024 vs Q1FY2023

The Group reported revenue totalling RM70.5 million for the current financial quarter ended 31 May 2023 (“Q1FY2024”). This was, RM38.7 million or 121.7% higher than the preceding year’s corresponding financial quarter (“Q1FY2023”) of RM31.8 million.

The increase in the Group’s revenue was largely contributed by the Property Development Division, together with the Property Construction Division, with revenue of both divisions more than doubling for the current financial quarter under review. The outcomes were the results of strong sales take-up rate and progressive site works from both on-going and newly launched projects in Property Development Division.

The Group recorded a pre-tax profit of RM11.3 million for Q1FY2024, RM0.1 million or 0.9% lower than Q1FY2023 of RM11.4 million. Despite the growth in revenue, pre-tax profit in Q1FY2024 was consistent with Q1FY2023, due to the one-off gain of RM9.2 million on disposal of the Group’s 70%-owned Australian-based subsidiaries in Q1FY2023.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023**

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 is as follows:

Property Development Division ("PDD")

The PDD recorded revenue of RM62.8 million in Q1FY2024, an increase of RM36.0 million or 134.3% from Q1FY2023 of RM26.8 million.

Central Region – Revenue increased by RM21.4 million mainly attributable to the continuing sales and on-site development activities in the Group's third Kuala Lumpur ("KL") project, namely **Est8@Seputeh** and its fourth KL project – **Helix2@PJ South**.

Northern Region – Revenue increased by RM14.6 million primarily due to strong sales take-up rate and site progress of two phases of projects under **Bandar Seri Astana Jaya** which were launched towards the end of previous financial year, coupled with a newly launched project during the current financial quarter, namely **Villa Natura** in April 2023.

Overall, PDD recorded pre-tax profit of RM12.0 million in Q1FY2024, a significant improvement of RM8.7 million or 263.6% from Q1FY2023 of RM3.3 million. The higher pre-tax profit recorded in the current period was in tandem with the higher revenue as highlighted above.

Property Construction Division ("PCD")

PCD's revenue is solely derived from the supply of building materials to subcontractors.

PCD doubled its revenue by RM2.8 million or 103.7%, to RM5.5 million in Q1FY2024 compared to RM2.7 million in Q1FY2023. Correspondingly, PCD reported a pre-tax profit of RM0.2 million in Q1FY2024, compared to pre-tax loss of RM0.3 million in Q1FY2023.

Improvement in PCD's financial performance was driven by higher demand for building materials for the on-going project construction activities, mainly attributable to township development projects in Northern Region including **Bandar Seri Astana Jaya** and **Villa Natura**.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B1 Review of Performance (cont'd)****Chalet & Golf Management Division (“CGMD”)**

CGMD recorded revenue of RM1.5 million in Q1FY2024, a marginal decrease of RM0.1 million or 6.3% from Q1FY2023 of RM1.6 million. Revenue from **Cinta Sayang Resort’s** room occupancy, banquet events and golfing activities remain relatively constant despite continuous efforts to grow these operations.

CGMD reported a pre-tax loss at RM0.8 million in Q1FY2024, an increase of RM0.2 million or 33.3% from RM0.6 million pre-tax loss in Q1FY2023.

Others

The Others’ division revenue represents rental from the Group’s investment properties. The revenue remained consistent at RM0.7 million in both Q1FY2024 and Q1FY2023.

The division posted a pre-tax loss of RM0.1 million in Q1FY2024, representing significant decline in pre-tax profit of RM9.0 million in previous corresponding quarter, attributed to the absence of gain on disposal of the Group’s Australian-based subsidiaries in the current financial quarter.

B2 Material Changes in the Quarterly Results

	Quarter Ended		
	31.05.2023	28.02.2023	Changes
	Q1FY2024	Q4FY2023	
	RM'000	RM'000	RM'000
Revenue	70,517	78,802	(8,285)
Pre-tax Profit	11,294	15,824	(4,530)

The Group’s revenue decreased by RM8.3 million or 10.5% to RM70.5 million in Q1FY2024, compared to the immediate preceding quarter (“Q4FY2023”) of RM78.8 million. The quarter-over-quarter decrease was mainly due to the absence of revenue from two phases of completed projects in PDD’s Northern Region – **Padang Serai Ria Heights**.

As a result, the Group reported a lower pre-tax profit in Q1FY2024 at RM11.3 million, a decrease of RM4.5 million or 28.5% from Q4FY2023.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023**

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

B3 Prospects

Malaysia's overall economic outlook remains relatively stable. Despite ongoing inflationary and cost-of-living challenges, the government forecasts a growth rate of nearly 5 per cent over the next 12 months. While this is a slower economic growth compared to the previous year, however the base for the previous year was much lower, given the COVID-related restrictions.

Employment conditions remain strong, however interest rate pressures and the weakness in currency exchange pose some level of risk. Of a greater concern is the cost-of-living challenges, faced especially by those in Malaysia's cities. We would welcome new structural reforms to the economy to address these issues, as continuous government fiscal support is becoming increasingly harder to sustain.

The Group will continue to monitor closely both the timing and pricing strategies of project launches as potential buyers remain attuned to value for money and product differentiation. The Group will also closely monitor buyer sentiment along our project rollout plans in both Central and Northern Regions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B4 Profit Forecast**

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

B5 Taxation

	Quarter and Year-To-Date Ended	
	31.05.2023	31.05.2022
	RM'000	RM'000
Current year taxation	2,895	551
Deferred taxation	(149)	393
	<u>2,746</u>	<u>944</u>

The effective tax rate of the Group for the financial quarter and year-to-date ended 31 May 2023 is higher than the statutory tax rate in Malaysia was due to certain non-tax deductible expenses and losses in certain subsidiaries which are not available to set off against taxable profits of other subsidiaries.

B6 Profit Before Tax

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

	Quarter and Year-To-Date Ended	
	31.05.2023	31.05.2022
	RM'000	RM'000
Interest income	493	550
Gain on disposal of a subsidiary	-	9,223
Gain on disposal of property, plant and equipment	1	8
Other income	480	442
Interest expense	(939)	(387)
Depreciation and amortisation	(791)	(824)
Fixed assets written off	-	(2)
Loss on disposal of a subsidiary	-	(2)
Loss on disposal of property, plant and equipment	(1)	-

B7 Status of Corporate Proposal

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)****B8 Group Borrowings and Debt Securities**

Total Group borrowings and debt securities as at 31 May 2023 were as follows:

	Non-current RM'000	Current RM'000	Total RM'000
Secured			
Term loans	189,211	9,036	198,247
Revolving credits	-	13,950	13,950
Bank overdrafts	-	2,417	2,417
Hire purchase liabilities	361	225	586
	<u>189,572</u>	<u>25,628</u>	<u>215,200</u>

B9 Changes in Material Litigation

Save as disclosed in Note 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 1.5 sen (Q1FY2023 - Nil) per ordinary share amounting to approximately RM1.9 million in respect of the financial year ending 29 February 2024. The interim dividend will be paid on 13 September 2023 to shareholders whose names appear on the Company's Record of Depositors on 29 August 2023.

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, as follows:

	Quarter and Year-To-Date Ended	
	31.05.2023	31.05.2022
Basic EPS		
Net profit attributable to equity holders of the Company (RM'000)	<u>6,811</u>	<u>10,358</u>
Weighted average number of ordinary shares ('000)	<u>128,000</u>	<u>128,000</u>
Basic earnings per share (sen)	<u>5.32</u>	<u>8.09</u>



EUPE CORPORATION BERHAD

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR-TO-DATE ENDED 31 MAY 2023**

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

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 July 2023.