

**KUMPULAN EUROPLUS BERHAD (534368-A)****Interim financial report for the second quarter ended 31 July 2008**

(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/7/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/7/2007 RM'000	CURRENT YEAR TO-DATE 31/7/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/7/2007 RM'000
Revenue	13,090	5,563	27,849	10,686
Cost of sales	(12,405)	(5,527)	(25,516)	(9,886)
Gross profit	685	36	2,333	800
Other operating income	861	96	6,397	4,533
Operating expenses	(5,919)	(2,775)	(7,946)	(21,422)
Finance cost	(4,119)	(3,556)	(9,216)	(5,618)
Share of results of associates	11,436	454	14,250	931
<b>Profit/(loss) before tax</b>	2,944	(5,745)	5,818	(20,776)
Income tax expenses	-	(117)	-	(117)
<b>Profit/(loss) for the period</b>	2,944	(5,862)	5,818	(20,893)
<b>Attributable to:</b>				
Equity holders of the Company	2,921	(5,857)	5,758	(20,748)
Minority interest	23	(5)	60	(145)
	2,944	(5,862)	5,818	(20,893)
	-	-	-	-
<b>Earnings/(loss) per share attributable to equity holders of the Company :</b>				
- Basic (sen)	0.6	(1.2)	1.2	(4.4)
- Diluted (sen)	-	-	-	-

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>UNAUDITED AS AT CURRENT QUARTER ENDED 31/7/2008 RM '000</b>	<b>AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31/1/2008 RM '000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	17,830	17,919
Leasehold land	19,772	19,607
Infrastructure development expenditure	59,505	54,006
Investment in associates	158,335	149,808
Goodwill on consolidation	10,016	10,374
<b>Total Non-Current Assets</b>	<b>265,458</b>	<b>251,714</b>
<b>Current Assets</b>		
Inventories	2,754	3,072
Trade receivables	89,557	95,577
Other receivables and prepaid expenses	106,525	109,114
Cash and bank balances	2,360	6,071
<b>Total Current Assets</b>	<b>201,196</b>	<b>213,834</b>
<b>TOTAL ASSETS</b>	<b>466,654</b>	<b>465,548</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	473,692	473,692
Reserves	(354,878)	(354,913)
Equity attributable to equity holders of the Company	118,814	118,779
Minority Interest	9,996	9,812
<b>Total Equity</b>	<b>128,810</b>	<b>128,591</b>
<b>Non-Current Liabilities</b>		
Hire purchase payables	282	68
Bank borrowings	30,553	30,553
Deferred tax liabilities	291	291
<b>Total Non-Current Liabilities</b>	<b>31,126</b>	<b>30,912</b>
<b>Current Liabilities</b>		
Trade payables	29,752	32,629
Other payables and accrued expenses	42,053	38,580
Hire purchase payables	21	23
Bank borrowings	233,136	232,750
Tax liabilities	1,756	2,063
<b>Total Current Liabilities</b>	<b>306,718</b>	<b>306,045</b>
<b>TOTAL LIABILITIES</b>	<b>337,844</b>	<b>336,957</b>
<b>EQUITY AND LIABILITIES</b>	<b>466,654</b>	<b>465,548</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.2508	0.2508

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial report.

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(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital RM'000	Non-Distributable Reserves		Accumulated Loss RM'000	Attributable to Equity Holders of the Company RM'000	Minority Interest RM'000	Total Equity RM'000
		Share Premium RM'000	Other Reserve RM'000				
<b>6 months ended 31 July 2008</b>							
Balance as at 1 February 2008	473,692	26,560	-	(381,473)	118,779	9,812	128,591
Share of associates reserve	-	-	(5,723)	-	-5,723	-	-5,723
Partial disposal of shares in a subsidiary	-	-	-	-	-	124	124
Profit for the year	-	-	-	5,758	5,758	60	5,818
Balance as at 31 July 2008	<u>473,692</u>	<u>26,560</u>	<u>(5,723)</u>	<u>(375,715)</u>	<u>118,814</u>	<u>9,996</u>	<u>128,810</u>
<b>6 months ended 31 July 2007</b>							
Balance as at 1 February 2007	473,692	26,560	-	(356,650)	143,602	9,712	153,314
Share of associates reserve	-	-	(939)	-	-939	-	-939
Loss for the year	-	-	-	(20,748)	(20,748)	(145)	(20,893)
Balance as at 31 July 2007	<u>473,692</u>	<u>26,560</u>	<u>(939)</u>	<u>(377,398)</u>	<u>121,915</u>	<u>9,567</u>	<u>131,482</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>6 months ended 31/7/2008 RM'000</b>	<b>6 months ended 31/7/2007 RM'000</b>
Net cash used in operating activities	(1,727)	(10,436)
Net cash used in investing activities	(1,095)	(11,449)
Net cash flows from financing activities	1,658	13,996
Net decrease in cash and cash equivalents	<u>(1,164)</u>	<u>(7,889)</u>
Cash and cash equivalents at beginning of financial year	(14,799)	(17,005)
Cash and cash equivalents at end of financial year	<u><u>(15,963)</u></u>	<u><u>(24,894)</u></u>

**Note :**

Cash and cash equivalents at the end of the financial year comprise of :

Cash and bank balances	1,550	198
Fixed deposits	810	1,324
Bank overdrafts	<u>(17,513)</u>	<u>(25,092)</u>
	(15,153)	(23,570)
Less: Fixed deposits pledged to banks	<u>(810)</u>	<u>(1,324)</u>
	<u><u>(15,963)</u></u>	<u><u>(24,894)</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial report.

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**NOTES TO CONDENSED FINANCIAL STATEMENT**

**PART A – Explanatory Notes Pursuant to FRS 134**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 January 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited annual financial statements.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 January 2008.

**A2. Changes in Accounting Policies**

The significant accounting policies adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 January 2008.

**A3. Seasonality or Cyclicity of Operations**

The business operations of the Group are not affected by any material seasonal or cyclical factors.

**A4. Unusual Items**

There were no unusual items that have material effects on the assets, liabilities, equity, net income, or cash flows for the current financial year.

**A5. Material Changes in Estimates**

There was no change to estimates that has a material effect in the current quarter and financial year.

**A6. Debt and Equity Securities**

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current financial year.

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**NOTES TO CONDENSED FINANCIAL STATEMENT**

**A7. Dividend**

The Directors do not recommend the payment of any dividend for the current quarter and financial year.

**A8. Segment Information**

The Group's segmental report for the current financial year is as follows:

	<b>Manufacturing and trading of industrial product RM'000</b>	<b>Construction RM'000</b>	<b>Leasing, management services and investment holding RM'000</b>	<b>Group RM'000</b>
<b><u>Revenue</u></b>				
External sales	14,725	11,435	1,689	27,849
Inter-segment sales	-	-	-	-
Total sales	<u>14,725</u>	<u>11,435</u>	<u>1,689</u>	<u>27,849</u>
<b><u>Results</u></b>				
Segment results	(2,573)	(55)	328	(2,300)
Interest income				3,084
Finance cost				(9,216)
Share of results of associates				14,250
Profit before tax				<u>5,818</u>
Income tax expenses				<u>-</u>
Profit for the year				<u><u>5,818</u></u>

**A9. Valuation of Property, Plant and Equipment**

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.

**A10. Material Subsequent Events**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

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**NOTES TO CONDENSED FINANCIAL STATEMENT**

**A11. Changes in the Composition of The Group**

There were no material changes in the composition of the Group for the current quarter and financial year.

**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

For the current quarter, the Group recorded a revenue of RM13.09 million and a profit before tax of RM2.94 million. The Group's revenue increased significantly by RM7.53 million over the corresponding quarter of the preceding year mainly attributable to the higher billing from construction, sand mining and manufacturing activities. The Group recorded profit before tax of RM2.94 million in the current quarter compared with loss before tax of RM5.75 million in the corresponding quarter of the preceding year due to increase in share of profits of associates.

For the current financial period ended 31 July 2008, the Group achieved total revenue of RM27.85 million, an increase of 160% as compared to the corresponding period of the preceding year was attributable mainly to the same reasons as mentioned above. The Group recorded a profit before tax of RM5.82 million in the current financial period ended 31 July 2008, compared with a loss before tax of RM20.78 million in the corresponding period of the preceding year. The better result achieved was mainly attributable to the write-back of provision for doubtful receivables no longer required, higher interest income earned and increase in share of profits of associates.

**B2. Comparison with Preceding Quarter's Results**

For the current quarter, the Group's revenue was RM13.09 million, compared with RM14.76 million in the preceding quarter. High revenue achieved in the preceding quarter was attributable mainly to the higher billing from construction. The Group recorded a marginal increase in profit before tax from RM2.87 million in the preceding quarter to RM2.94 million in the current quarter. Profit before tax recorded in the current quarter was due mainly to the higher profit from the associates whereas the profit achieved in the preceding quarter was mainly attributable to the write-back of provision for doubtful receivables no longer required and higher interest income earned.

**NOTES TO CONDENSED FINANCIAL STATEMENT**

**B3. Prospects**

Construction and the related works at Canal City project have commenced towards the end of 2007 and the Group expects its share of revenue from construction and sand mining to increase in financial year ending 31 January 2009.

The fund raising exercise for West Coast Expressway has been delayed mainly due to changes made to the original alignment as requested by the authorities and current uncertainties in the bond market. Construction work would only commence upon securing the necessary rating and funding.

The Group's 42.94% - associate, Talam Corporation Berhad (TCB) has received approval from the Securities Commission on its proposed regularisation plan on 29 April 2008. The implementation is targeted for completion by the end of 2008. Once implemented, TCB is expected to significantly improve its capital structure and gearing position to a much stronger financial position and contribute positively to the Group results.

The future prospect of the Group depends on the successful implementation of Canal City and West Coast Expressway.

**B4. Profit Forecast and Guarantee**

No profit forecast or guarantee was issued in respect of the current year.

**B5. Income Tax Expenses**

There was no tax effect for the current quarter and financial year due to tax losses incurred by companies of the Group.

**B6. Disposal of Unquoted Investments and/or Properties**

There were no disposal of unquoted investments and/or properties for the current quarter and financial year.

**B7. Purchase or Disposal of Quoted Securities**

There were no dealing in quoted securities for the current quarter and financial year.

**B8. Status of Corporate Proposals**

There were no announcements of corporate proposals which were not completed as at the date of this announcement.



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**NOTES TO CONDENSED FINANCIAL STATEMENT**

**B9. Group Borrowings and Debt Securities**

The Group's borrowings and debt securities which are denominated in Ringgit Malaysia as at 31 July 2008 are as follows:

	<b>RM'000</b>
Short term borrowings	
- secured	102,745
- unsecured	130,391
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	233,136
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Long term borrowings	
- secured	30,553
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Total borrowings	263,689
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**B10. Off Balance Sheet Risk Financial Instruments**

The Group did not contract for any financial instruments with off balance sheet risk as at the date of this announcement.

**B11. Material Litigation**

The Group is not engaged in any material litigation for the current financial year.

**B12. Earnings Per Share**

**Basic**

The basic earnings/(loss) per share is calculated by dividing the Group's net profit/(loss) for the current quarter and financial year by the number of ordinary shares in issue as at 31 July 2008 of 473,691,765 shares (31 July 2007 : 473,691,765 shares).

**Diluted**

The diluted earnings/(loss) per share is not calculated as there is no dilutive effects on earnings/(loss) per share for the current quarter and financial year.

**B13. Audit Report on Preceding Annual Financial Statements**

The auditors' report of the financial statements for the year ended 31 January 2008 was adopted on 29 May 2008 and was not subject to any qualification.

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**NOTES TO CONDENSED FINANCIAL STATEMENT**

**B14. Authorisation for Issue**

The interim financial reports were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 September 2008.

By order of the Board

Ting Kok Keong  
Company Secretary