

KUMPULAN EUROPLUS BERHAD (534368-A)**Interim financial report for the third quarter ended 31 October 2009**

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|--|--|--|--|--|
| | CURRENT YEAR QUARTER 31/10/2009 RM'000 | PRECEDING YEAR QUARTER 31/10/2008 RM'000 | CURRENT YEAR TO-DATE 31/10/2009 RM'000 | PRECEDING YEAR TO-DATE 31/10/2008 RM'000 |
| Revenue | 10,963 | 7,732 | 31,388 | 35,581 |
| Cost of sales | (10,467) | (6,408) | (47,152) | (31,924) |
| Gross profit/(loss) | 496 | 1,324 | (15,764) | 3,657 |
| Other operating income | 3,471 | 5,497 | 43,881 | 11,894 |
| Operating expenses | (3,936) | (3,111) | (8,711) | (11,057) |
| Impairment of leasehold land | (10,872) | - | (10,872) | - |
| Loss on disposal of investment | - | - | (19,918) | - |
| Finance cost | (6,209) | (4,938) | (19,040) | (14,154) |
| Share of results of associates | 562 | 2,789 | 2,087 | 17,039 |
| (Loss)/profit before tax | (16,488) | 1,561 | (28,337) | 7,379 |
| Taxation | (126) | (34) | (80) | (34) |
| (Loss)/profit for the year | (16,614) | 1,527 | (28,417) | 7,345 |
| Attributable to: | | | | |
| Equity holders of the Company | (16,439) | 1,654 | (27,774) | 7,412 |
| Minority interest | (175) | (127) | (643) | (67) |
| | (16,614) | 1,527 | (28,417) | 7,345 |
| | - | - | - | - |
| (Loss)/earnings per share attributable to equity holders of the Company : | | | | |
| - Basic (sen) | (3.5) | 0.3 | (5.9) | 1.6 |
| - Diluted (sen) | - | - | - | - |

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2009 and the accompanying explanatory notes attached to the interim financial report.

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(The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

| | UNAUDITED AS AT 31/10/2009 RM '000 | AUDITED AS AT 31/1/2009 RM '000 |
|---|---|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 17,175 | 17,541 |
| Leasehold land | 8,233 | 19,437 |
| Infrastructure development expenditure | 65,868 | 62,242 |
| Investment in associates | 136,855 | 166,866 |
| Goodwill on consolidation | 9,377 | 9,377 |
| Total Non-Current Assets | 237,508 | 275,463 |
| Current Assets | | |
| Inventories | 2,168 | 2,744 |
| Trade receivables | 10,382 | 23,170 |
| Other receivables, deposits and prepayments | 34,344 | 42,490 |
| Amount owing by a shareholder | - | 2,594 |
| Amount due from contracts customers | 289 | - |
| Amount owing by associates | 205,245 | 140,412 |
| Tax recoverable | 191 | 132 |
| Fixed deposits | 81 | 692 |
| Cash and bank balances | 291 | 740 |
| Total Current Assets | 252,991 | 212,974 |
| TOTAL ASSETS | 490,499 | 488,437 |
| EQUITY AND LIABILITIES | | |
| Share capital | 473,692 | 473,692 |
| Reserves | (380,355) | (355,030) |
| Attributable to equity holders of the Company | 93,337 | 118,662 |
| Minority Interest | 8,832 | 9,475 |
| Total Equity | 102,169 | 128,137 |
| Non-Current and Deferred Liabilities | | |
| Hire purchase payables | 122 | 210 |
| Borrowings | 123,000 | 123,000 |
| Deferred tax liabilities | 6 | 219 |
| Total Non-Current Liabilities | 123,128 | 123,429 |
| Current Liabilities | | |
| Trade payables | 33,019 | 30,141 |
| Other payables, deposits and accruals | 64,091 | 52,387 |
| Amount owing to directors | 5,106 | 2,772 |
| Amount owing to a shareholder | 3,994 | 342 |
| Amount owing to associates | 28,106 | 9,296 |
| Hire purchase liabilities | 60 | 60 |
| Borrowings | 128,706 | 140,095 |
| Tax payables | 2,120 | 1,778 |
| Total Current Liabilities | 265,202 | 236,871 |
| TOTAL LIABILITIES | 388,330 | 360,300 |
| EQUITY AND LIABILITIES | 490,499 | 488,437 |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 0.1970 | 0.2505 |

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 January 2009 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Non-Distributable | | | Accumulated Losses | Attributable to Equity Holders of the Company | Minority Interest | Total Equity |
|--|--------------------------|--------------------------|---|-------------------------------|--|------------------------------|-------------------------|
| | Share Capital | Share Premium | Foreign Exchange Reserve | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 9 months ended 31 October 2009 | | | | | | | |
| Balance as at 1 February 2009 | 473,692 | 26,560 | (8,422) | (373,168) | 118,662 | 9,475 | 128,137 |
| Share reserve of an associate | - | - | 3,260 | - | 3,260 | - | 3,260 |
| Effect of dilution on equity interest in an associate | - | - | - | (811) | (811) | - | (811) |
| Loss for the period | - | - | - | (27,774) | (27,774) | (643) | (28,417) |
| Balance as at 31 October 2009 | <u>473,692</u> | <u>26,560</u> | <u>(5,162)</u> | <u>(401,753)</u> | <u>93,337</u> | <u>8,832</u> | <u>102,169</u> |
| 9 months ended 31 October 2008 | | | | | | | |
| Balance as at 1 February 2008 | 473,692 | 26,560 | - | (381,473) | 118,779 | 9,812 | 128,591 |
| Share reserve of an associate | - | - | (7,465) | - | (7,465) | - | (7,465) |
| Partial disposal of shares in a subsidiary | - | - | - | - | - | 124 | 124 |
| Profit for the period | - | - | - | 7,412 | 7,412 | (67) | 7,345 |
| Balance as at 31 October 2008 | <u>473,692</u> | <u>26,560</u> | <u>(7,465)</u> | <u>(374,061)</u> | <u>118,726</u> | <u>9,869</u> | <u>128,595</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 2009 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | 9 months ended 31/10/2009 RM'000 | 9 months ended 31/10/2008 RM'000 |
|--|---|---|
| Net cash from/(used in) operating activities | 30,124 | (1,074) |
| Net cash used in investing activities | (29,460) | (1,233) |
| Net cash flows (used in)/from financing activities | (1,949) | 3,395 |
| Net (decrease)/increase in cash and cash equivalents | <u>(1,285)</u> | <u>1,088</u> |
| Cash and cash equivalents at beginning of financial year | (14,699) | (14,799) |
| Cash and cash equivalents at end of financial period | <u><u>(15,984)</u></u> | <u><u>(13,711)</u></u> |

Note :

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

| | | |
|---------------------------------------|------------------------|------------------------|
| Cash and bank balances | 291 | 713 |
| Fixed deposits | 81 | 5,038 |
| Bank overdrafts | <u>(16,275)</u> | <u>(14,424)</u> |
| | (15,903) | (8,673) |
| Less: Fixed deposits pledged to banks | <u>(81)</u> | <u>(5,038)</u> |
| | <u><u>(15,984)</u></u> | <u><u>(13,711)</u></u> |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2009 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 2009.

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 2009.

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 2009.

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

During the current year quarter, the Group made a provision of RM10.87 million for impairment of leasehold land.

Other unusual items that have material effects on the assets, liabilities, equity, net income, or cash flows for the current financial year-to-date include provision of RM17.08 million made for liquidated and ascertained damages claimed by clients for projects completed in the prior years (included in the cost of sales), gain of RM37.07 million arising from a debt purchase transaction (included in other operating income) and losses of RM19.92 million incurred on partial disposal of investment in Talam Corporation Berhad (Talam).

A5. Material Changes in Estimates

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

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NOTES TO CONDENSED FINANCIAL STATEMENT

A6. Debt and Equity Securities

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

A7. Dividend

No dividend has been paid in the current financial year-to-date.

A8. Segment Information

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

| | Manufacturing and trading of industrial product RM'000 | Construction RM'000 | Leasing, management services and investment holding RM'000 | Group RM'000 |
|-----------------------------------|---|--------------------------------|---|-------------------------|
| <u>Revenue</u> | | | | |
| External sales | 25,359 | 3,735 | 2,294 | 31,388 |
| Inter-segment sales | - | - | - | - |
| Total sales | <u>25,359</u> | <u>3,735</u> | <u>2,294</u> | <u>31,388</u> |
| <u>Results</u> | | | | |
| Segment results | (1,305) | (21,029) | (21,240) | (43,574) |
| Interest income | | | | 5,994 |
| Other income | 37,068 | - | - | 37,068 |
| Impairment of leasehold land | - | - | (10,872) | (10,872) |
| Finance cost | | | | (19,040) |
| Share of results of associates | | | | 2,087 |
| Loss before tax | | | | <u>(28,337)</u> |
| Taxation | | | | <u>(80)</u> |
| Loss for the year | | | | <u><u>(28,417)</u></u> |

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NOTES TO CONDENSED FINANCIAL STATEMENT

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 current financial year-to-date that have not been reflected in the financial statements.

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-to-date.

A12. Capital Commitments

| | |
|--|---------------|
| Approved and contracted: | RM'000 |
| Acquisition of financial instruments of Talam from a third party and this has been approved on 4 November 2009 by the shareholders | 123,000 |
| | ===== |

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 RM10.96 million and a pre-tax loss of RM16.49 million. The Group's revenue increased by 42% over the corresponding quarter of the preceding year of RM7.73 million mainly attributable to the higher billings from construction activity. Despite the increase in revenue, the Group recorded a pre-tax loss of RM16.49 million in the current quarter compared with a pre-tax profit of RM1.56 million in the corresponding quarter of the preceding year due to lower interest income, provision for impairment of leasehold land of RM10.87 million and higher interest expense.

For the current year-to-date ended 31 October 2009, the Group achieved total revenue of RM31.39 million, a decrease of 12% compared to the preceding year-to-date of RM35.58 million. The lower revenue achieved in the current year-to-date was mainly due to the lower billing from construction activity. Despite the gain arising from the debt purchase transaction of RM37.07 million, as disclosed in Note A4, the Group recorded a pre-tax loss of RM28.34 million in the current year-to-date, compared to a pre-tax profit of RM7.38 million in the preceding year-to-date. The pre-tax loss incurred was mainly attributable to provision of RM10.87 million made for impairment of leasehold land, provision of RM17.08 million made for liquidated and ascertained damages claimed by clients for projects completed in the prior years, losses of RM19.92 million incurred on partial disposal of investment in Talam, both disclosed in Note A4, provision for doubtful debts of RM3.02 million and higher interest expenses of RM19.04 million.

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NOTES TO CONDENSED FINANCIAL STATEMENT

B2. Comparison with Preceding Quarter's Results

For the current quarter, the Group's revenue increased slightly by 3.69% to RM10.96 million as compared to RM10.57 million in the preceding quarter. Higher revenue achieved in the current quarter was mainly attributable to higher billings from construction activity.

The Group recorded a higher pre-tax loss of RM16.49 million in the current quarter, compared to a pre-tax loss of RM11.91 million in the preceding quarter. The loss incurred in the preceding quarter was mainly due to provisions of RM10.25 million made for liquidated and ascertained damages claimed by clients for projects completed in the prior years, provisions for doubtful debts of RM2.83 million and losses of RM17.12 million incurred on partial disposal of investment in Talam, reduced by the gain of RM22.25 million arising from debt purchase transaction.

B3. Prospects

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 funding. Meanwhile, Konsortium LPB Sdn Bhd, the concessionaire, which is a 64.2%-subsidiary of the Company, has successfully applied to the Kementerian Kerja Raya (KKR) to extend the date of financial close to 19 March 2009. The Company has submitted the necessary documents to KKR to satisfy the conditions precedent of the Concession Agreement, which was not satisfactorily received by KKR. The Company has since submitted an appeal to the Prime Minister's Department for a decision.

Construction and the related work at Canal City project commenced towards the end of 2007. However, the new State Government of Selangor has requested changes to the original privatisation plan, including omission of the main canal and its related work. As such, the land already alienated to Canal City Construction Sdn Bhd (CCC), the 35%-associate of the Company, would be considered sold to CCC, at a price to be mutually agreed upon. While revised terms and conditions are being worked out with the State Government, canal construction work has stopped but building work for Orang Asli settlement is still on-going. Due to the above reason and soft market condition, launching of Phase 1 has been deferred .

The Group's 31% - associate, Talam received approval from the Securities Commission on its proposed regularisation plan on 29 April 2008. The reduction of share capital and share premium account was completed on 23 January 2009 and the share split was completed on 16 February 2009. The issuance and listing of the new financial instruments was completed on 1 July 2009. With the completion of the Regularisation Plan, Talam has improved its capital structure and gearing position, and it will soon apply to uplift itself from PN17 status.

B4. Profit Forecast and Guarantee

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

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NOTES TO CONDENSED FINANCIAL STATEMENT

B5. Taxation

| | Individual Quarter | | Cumulative Quarter | |
|------------------------------|----------------------------|---|----------------------------|--|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To-date | Preceding Year Corresponding Period |
| | 31/10/2009 RM'000 | 31/10/2008 RM'000 | 31/10/2009 RM'000 | 31/10/2008 RM'000 |
| Income Tax - prior year | (126) | (34) | (293) | (34) |
| Deferred Tax - prior year | - | - | 213 | - |
| | <u>(126)</u> | <u>(34)</u> | <u>(80)</u> | <u>(34)</u> |

The computation of effective tax rate of the Group for the current quarter and current year-to-date is not applicable due to losses incurred by certain subsidiary companies.

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-to-date.

B7. Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities for the current quarter and financial year-to-date except for the sale of shares in Talam as disclosed in Note A4.

B8. Status of Corporate Proposals

There were no announced 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 October 2009 are as follows:

| | RM'000 |
|-----------------------|----------------|
| Short term borrowings | |
| - secured | 85,023 |
| - unsecured | 43,683 |
| | <hr/> |
| | 128,706 |
| Long term borrowings | |
| - secured | 123,000 |
| | <hr/> |
| Total borrowings | <u>251,706</u> |

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-to-date.

B12. Earnings Per Share

Basic

The basic (loss)/earnings per share is calculated by dividing the Group's net (loss)/profit for the current quarter and financial year-to-date by the number of ordinary shares in issue as at 31 October 2009 of 473,691,765 shares (31 October 2008 : 473,691,765 shares).

Diluted

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

B13. Audit Report on Preceding Annual Financial Statements

The auditors' report of the financial statements for the year ended 31 January 2009 was adopted on 29 May 2009 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 14 December 2009.

By order of the Board

Wong Soon Kiong
Company Secretary