

KUMPULAN EUROPLUS BERHAD (534368-A)**Interim financial report for the forth quarter ended 31 January 2010**

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/1/2010 RM'000	PRECEDING YEAR QUARTER 31/1/2009 RM'000	CURRENT FINANCIAL YEAR 31/1/2010 RM'000	PRECEDING FINANCIAL YEAR 31/1/2009 RM'000
Revenue	10,180	8,368	41,568	43,949
Cost of sales	(9,978)	(8,623)	(57,130)	(40,547)
Gross profit/(loss)	202	(255)	(15,562)	3,402
Other operating income	5,627	9,921	49,383	21,815
Operating expenses	(5,992)	(12,956)	(14,703)	(24,013)
Impairment of leasehold land	-	-	(10,872)	-
Loss on disposal of investment	-	-	(19,793)	-
Finance cost	(6,268)	(4,658)	(25,308)	(18,812)
Share of results of associates	1,051	11,377	3,138	28,416
(Loss)/profit before tax	(5,380)	3,429	(33,717)	10,808
Taxation	-	6	(80)	(28)
(Loss)/profit for the year	(5,380)	3,435	(33,797)	10,780
Attributable to:				
Equity holders of the Company	(5,302)	3,829	(33,076)	11,241
Minority interest	(78)	(394)	(721)	(461)
	(5,380)	3,435	(33,797)	10,780
	-	-	-	-
(Loss)/earnings per share attributable to equity holders of the Company :				
- Basic (sen)	(1.1)	0.8	(7.0)	2.4
- 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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CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED AS AT 31/1/2010 RM '000	AUDITED AS AT 31/1/2009 RM '000
ASSETS		
Non-Current Assets		
Property, plant and equipment	16,987	17,541
Leasehold land	8,209	19,437
Infrastructure development expenditure	66,814	62,242
Investment in associates	139,380	166,866
Goodwill on consolidation	8,506	9,377
Total Non-Current Assets	239,896	275,463
Current Assets		
Inventories	1,515	2,744
Trade receivables	10,587	23,170
Other receivables, deposits and prepayments	24,345	42,490
Amount owing by a shareholder	-	2,594
Amount due from contracts customers	1,624	-
Amount owing by associates	194,018	140,412
Tax recoverable	208	132
Fixed deposits	81	692
Cash and bank balances	521	740
Total Current Assets	232,899	212,974
TOTAL ASSETS	472,795	488,437
EQUITY AND LIABILITIES		
Share capital	473,692	473,692
Reserves	(384,182)	(355,030)
Attributable to equity holders of the Company	89,510	118,662
Minority Interest	8,754	9,475
Total Equity	98,264	128,137
Non-Current and Deferred Liabilities		
Hire purchase payables	111	210
Borrowings	123,000	123,000
Deferred tax liabilities	6	219
Total Non-Current Liabilities	123,117	123,429
Current Liabilities		
Trade payables	29,579	30,141
Other payables, deposits and accruals	69,446	52,387
Amount owing to directors	5,132	2,772
Amount owing to a shareholder	4,506	342
Amount owing to associates	10,093	9,296
Hire purchase liabilities	60	60
Borrowings	130,478	140,095
Tax payables	2,120	1,778
Total Current Liabilities	251,414	236,871
TOTAL LIABILITIES	374,531	360,300
EQUITY AND LIABILITIES	472,795	488,437
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.1890	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
12 months ended 31 January 2010							
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	-	-	3,069	-	3,069	-	3,069
Effect of accretion on equity interest in an associate	-	-	-	855	855	-	855
Loss for the year	-	-	-	(33,076)	(33,076)	(721)	(33,797)
Balance as at 31 January 2010	473,692	26,560	(5,353)	(405,389)	89,510	8,754	98,264
12 months ended 31 January 2009							
Balance as at 1 February 2008	473,692	26,560	-	(381,473)	118,779	9,812	128,591
Share reserve of an associate	-	-	(8,422)	-	(8,422)	-	(8,422)
Partial disposal of shares in a subsidiary	-	-	-	-	-	124	124
Effect of dilution on equity interest in an associate	-	-	-	(2,936)	(2,936)	-	(2,936)
Profit for the year	-	-	-	11,241	11,241	(461)	10,780
Balance as at 31 January 2009	473,692	26,560	(8,422)	(373,168)	118,662	9,475	128,137

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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(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	12 months ended 31/1/2010 RM'000	12 months ended 31/1/2009 RM'000
Net cash from operating activities	45,736	50,816
Net cash used in investing activities	(21,746)	(49,354)
Net cash flows used in financing activities	(24,724)	(1,362)
Net (decrease)/increase in cash and cash equivalents	<u>(734)</u>	<u>100</u>
Cash and cash equivalents at beginning of financial year	(14,699)	(14,799)
Cash and cash equivalents at end of financial year	<u><u>(15,433)</u></u>	<u><u>(14,699)</u></u>

Note :

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

Cash and bank balances	521	740
Fixed deposits	81	692
Bank overdrafts	<u>(15,954)</u>	<u>(15,439)</u>
	(15,352)	(14,007)
Less: Fixed deposits pledged to banks	<u>(81)</u>	<u>(692)</u>
	<u><u>(15,433)</u></u>	<u><u>(14,699)</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

There were no unusual items that have material effects on the assets, liabilities, equity, net income, or cash flows for the current financial year except for provision of RM10.87 million 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 (included in the cost of sales) and losses of RM19.79 million incurred on partial disposal of investment in Talam Corporation Berhad (Talam), mitigated by a gain of RM37.07 million arising from a debt purchase transaction (included in other operating income).

A5. Material Changes in Estimates

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

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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 current financial year.

A7. Dividend

No dividend has been paid in the current financial year.

A8. Segment Information

The Group's segmental report for the current financial year 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	33,129	5,693	2,746	41,568
Inter-segment sales	-	-	-	-
Total sales	<u>33,129</u>	<u>5,693</u>	<u>2,746</u>	<u>41,568</u>
<u>Results</u>				
Segment results	16,556	(26,120)	(36,139)	(45,703)
Interest income				7,960
Other income	37,068	-	-	37,068
Impairment of leasehold land	-	-	(10,872)	(10,872)
Finance cost				(25,308)
Share of results of associates				3,138
Loss before tax				<u>(33,717)</u>
Taxation				<u>(80)</u>
Loss for the year				<u><u>(33,797)</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 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.

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
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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 RM10.18 million and a pre-tax loss of RM5.38 million. The Group's revenue increased by 22% over the corresponding quarter of the preceding year of RM8.37 million mainly attributable to the higher billings from construction activity and manufacturing division. Despite the increase in revenue, the Group recorded a pre-tax loss of RM5.38 million in the current quarter compared with a pre-tax profit of RM3.43 million in the corresponding quarter of the preceding year mainly due to higher interest expense and doubtful debts provision; lower interest income and profit contribution from the associates.

For the current financial year ended 31 January 2010, the Group achieved total revenue of RM41.57 million, a decrease of 5% compared to the preceding year-to-date of RM43.95 million. The lower revenue achieved in the current financial year was mainly due to the lower billing from construction activity. The Group recorded a pre-tax loss of RM33.72 million in the current financial year against a pre-tax profit of RM10.81 million in the preceding financial year. 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 RM19.79 million incurred on partial disposal of investment in Talam, all

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NOTES TO CONDENSED FINANCIAL STATEMENT

B1. Review of Performance (continued)

disclosed in Note A4; beside higher provision for doubtful debts, increased interest expense and lower profit contribution from the associates. The pre-tax loss was mitigated by the gain arising from the debt purchase transaction of RM37.07 million, as disclosed in Note A4.

B2. Comparison with Preceding Quarter's Results

For the current quarter, the Group's revenue decreased by 7% to RM10.18 million as compared to RM10.96 million in the preceding quarter. Lower revenue achieved in the current quarter was mainly attributable to lower billings from construction activity.

The Group recorded a lower pre-tax loss of RM5.38 million in the current quarter, compared to RM16.49 million in the preceding quarter. The loss incurred in the preceding quarter was mainly due to provision for impairment of leasehold land of RM10.87 million.

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 Government for a decision and is in the process of negotiation with the Government. The Board of Directors is confident of a successful outcome.

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. Under the new arrangement, the land earmarked for Canal City Construction Sdn Bhd (a 35% - associate of the Group) would now be sold to Radiant Pillar Sdn Bhd (a 50% - associate of the Group) at a price mutually agreed upon. While the revised terms and conditions are being finalised with the State Government, canal construction work has stopped. Due to the above reason, launching of Phase 1 has been deferred .

The Group's 29% - 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.

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NOTES TO CONDENSED FINANCIAL STATEMENT

B4. Profit Forecast and Guarantee

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

B5. Taxation

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/1/2010 RM'000	Preceding Year Quarter 31/1/2009 RM'000	Current Year To-date 31/1/2010 RM'000	Preceding Year To-date 31/1/2009 RM'000
Income Tax				
- current year	-	(28)	-	(28)
- prior year	-	(38)	(293)	(72)
Deferred Tax				
- current year	-	79	-	79
- prior year	-	(7)	213	(7)
	<u>-</u>	<u>6</u>	<u>(80)</u>	<u>(28)</u>

The computation of effective tax rate of the Group for the current quarter and current financial year 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 current financial year.

B7. Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities for the current quarter and current financial year 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 January 2010 are as follows:

	RM'000
Short term borrowings	
- secured	86,320
- unsecured	44,158
	<hr/>
	130,478
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Long term borrowings	
- secured	123,000
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Total borrowings	253,479
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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. Dividend

No dividend has been declared for the current and preceding financial year.

B13. 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 current financial year by the number of ordinary shares in issue as at 31 January 2010 of 473,691,765 shares (31 January 2009 : 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 current financial year.

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NOTES TO CONDENSED FINANCIAL STATEMENT

B14. Audit Report

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.

B15. 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 25 March 2010.

By order of the Board

Wong Soon Kiong
Company Secretary