

KUMPULAN EUROPLUS BERHAD (534368-A)

Interim financial report for the first quarter ended 30 April 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/04/2012 RM'000	PRECEDING YEAR QUARTER 30/04/2011 RM'000	CURRENT FINANCIAL YEAR 30/04/2012 RM'000	PRECEDING FINANCIAL YEAR 30/04/2011 RM'000
Continuing Operations				
Revenue	4,972	6,252	4,972	6,252
Cost of sales	(3,951)	(5,167)	(3,951)	(5,167)
Gross profit	1,021	1,085	1,021	1,085
Other income (N1)	2,012	14,353	2,012	14,353
Operating expenses (N2)	(32)	(3,598)	(32)	(3,598)
Finance cost	(2,336)	(4,550)	(2,336)	(4,550)
Share of results of associates	(131)	(5,776)	(131)	(5,776)
Profit before tax	534	1,514	534	1,514
Taxation	(235)	(404)	(235)	(404)
Profit for the quarter	299	1,110	299	1,110
Share of other comprehensive income of associate	(5)	65	(5)	65
Total comprehensive income	294	1,175	294	1,175
Profit for the period attributable to:				
Owners of the Company	182	998	182	998
Non-Controlling Interests	117	112	117	112
Total comprehensive income attributable to:	299	1,110	299	1,110
Owners of the Company	177	1,063	177	1,063
Non-Controlling Interests	117	112	117	112
	294	1,175	294	1,175
Earnings per share attributable to Owners of the Company :				
- Basic (sen)	0.03	0.21	0.03	0.21
- Diluted (sen)	-	-	-	-
Notes: (Refer to B1 " Review of Performance" for more info)				
N1) Included under Other Income				
- Interest Income	693	1,791	693	1,791
- Gain on fair value of short term investments	-	944	-	944
- Gain on accretion of equity interest in Trinity	-	1,873	-	1,873
- Gain on sale of investments	-	4,251	-	4,251
N2) Included under Operating Expenses				
- Depreciation	83	99	83	99
- Provision for doubtful debt	-	2,187	-	2,187
- Provision for doubtful debts no longer required	(1,720)	-	(1,720)	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2012 and the accompanying explanatory notes attached to the interim financial report.

KUMPULAN EUROPLUS BERHAD (534368-A)

Interim financial report for the first quarter ended 30 April 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30/04/2012 RM '000	AUDITED AS AT 31/01/2012 RM '000	AS AT 1/2/2011 (MFRS transition date) RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment	20,424	20,499	26,206
Infrastructure development expenditure	91,801	90,462	71,791
Investment in associates	172,098	171,061	121,439
Goodwill on consolidation	8,342	7,086	7,424
Total Non-Current Assets	292,665	289,108	226,860
Current Assets			
Inventories	1,510	1,189	1,348
Trade and other receivables	87,781	102,550	204,103
Amount due from contracts customers	1,864	1,554	1,532
Short term investments	-	-	6,774
Cash and bank balances	4,165	3,655	31,888
Total Current Assets	95,320	108,948	245,645
TOTAL ASSETS	387,985	398,056	472,505
EQUITY AND LIABILITIES			
Share capital	520,992	520,992	520,992
Reserves	(395,805)	(395,982)	(423,318)
Attributable to Owners of the Company	125,187	125,010	97,674
Non-controlling interests	6,551	8,625	8,283
Total Equity	131,738	133,635	105,957
Non-Current Liabilities			
Loans and borrowings	109,002	109,035	142,086
Deferred taxation	57	113	358
	109,059	109,148	142,444
Current Liabilities			
Trade and other payables	113,954	116,968	105,919
Loans and borrowings	28,480	32,961	112,235
Tax payables	4,754	5,344	5,950
Total Current Liabilities	147,188	155,273	224,104
TOTAL LIABILITIES	256,247	264,421	366,548
EQUITY AND LIABILITIES	387,985	398,056	472,505
Net assets per share attributable to Owners of the Company (RM)	0.2403	0.2399	0.1875

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2012 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 Owners of the Company	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Foreign Exchange Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current financial year							
Balance as at 1 February 2012	520,992	36,965	(2,424)	(430,523)	125,010	8,625	133,635
Acquisition of equity interest in an associate	-	-	-	-	-	(2,191)	(2,191)
Total comprehensive income	-	-	(5)	182	177	117	294
Balance as at 30 April 2012	<u>520,992</u>	<u>36,965</u>	<u>(2,429)</u>	<u>(430,341)</u>	<u>125,187</u>	<u>6,551</u>	<u>131,738</u>
Preceding financial year							
Balance as at 1 February 2011	520,992	36,965	(2,035)	(458,248)	97,674	8,283	105,957
Total comprehensive income	-	-	65	998	1,063	112	1,175
Balance as at 30 April 2011	<u>520,992</u>	<u>36,965</u>	<u>(1,970)</u>	<u>(457,250)</u>	<u>98,737</u>	<u>8,395</u>	<u>107,132</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 2012 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 CASH FLOWS

	3 months ended 30/4/2012 RM'000	3 months ended 30/4/2011 RM'000
OPERATING ACTIVITIES:		
Profit before taxation:	534	1,514
Adjustment for		
Provision for doubtful debts	-	2,187
Provision for doubtful debts no longer required	(1,720)	-
Depreciation of property, plant and equipment	83	99
Gain accretion on equity interest in an associate	-	(1,873)
Share of results of associates	131	5,711
Interest income	(693)	(1,791)
Interest expense	2,336	22,870
Gain on disposal of property, plant and equipment	(11)	-
Gain on redemption of Trinity financial instruments	-	(2,148)
	<hr/>	<hr/>
Operating cash flows before changes in working capital	660	26,569
Changes in Working Capital:		
Investories	(322)	(84)
Receivables	5,206	(13,319)
Payables	(426)	(2,342)
	<hr/>	<hr/>
Net cash flows from operations	5,118	10,824
Interest paid	(2,336)	(22,870)
Income tax paid	(355)	(325)
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Net cash flows from/(used in) operating activities	2,427	(12,371)
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INVESTING ACTIVITIES		
Decrease/(increase) in amount owing by associate	7,096	(2,869)
Increase in infrastructure development expenditure	(1,339)	(882)
Interest received	693	1,791
Proceeds from disposal of property, plant and equipment	11	-
Acquisition in subsidiary company	(1,256)	-
Additions to property, plant and equipment	(19)	-
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Net cash flows used from/(used in) investing activities	5,186	(1,960)
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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FINANCING ACTIVITIES		
(Decrease)/increase in amount owing to associates	(2,585)	665
Decrease in amount owing to director	(2)	(3,717)
(Repayment)/proceed of borrowings	(4,054)	2,537
Net cash flows used in financing activities	<u>(6,641)</u>	<u>(515)</u>
Net increase in cash and cash equivalents	972	(14,846)
Cash and cash equivalents at beginning of financial period	1,028	(29,738)
Cash and cash equivalents at end of financial period	<u>2,000</u>	<u>(44,584)</u>

Note :

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

Cash and bank balances	4,165	12,666
Bank overdrafts	(2,165)	(57,250)
	<u>2,000</u>	<u>(44,584)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2012 and the accompanying explanatory notes attached to the interim financial report.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

PART A – Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation

The unaudited quarterly consolidated financial statements has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with Group’s audited financial statements for the financial year ended 31 January 2012 and the accompanying explanatory notes attached to the unaudited condensed consolidated 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 2012.

A2. Accounting policies and methods of computation

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2012 except for the first-time adoption of Malaysian Financial Reporting Standards (“MFRS”) Framework.

The Group has adopted the new MFRS Framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS Framework comprises International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

In the transition to the MFRS Framework, the Group has applied MFRS 1 “First-time Adoption of MFRS” which provides certain optional exceptions and certain mandatory exceptions for the first time MFRS adopters. Save for the required presentation of three statements of financial position in the first MFRS financial statements, there is no other significant impact on the Group’s financial results and position, and changes to the accounting policies of the Group arising from the adoption of this MFRS Framework as the requirements under the previous Financial Reporting Standards (“FRS”) Framework were equivalent to the MFRS Framework, although there are some differences in relation to the transitional provisions and effective dates contain in certain of the MFRSs.

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MFRSs and Amendments to the MFRSs that are applicable to the Group but not yet effective

The Group has not early adopted the following standards that have been issued by Malaysian Accounting Standards Board as these are effective for the financial period beginning on or after 1 January 2013

- MFRS 9 Financial Instruments (effective from 1 January 2015)
- MFRS 10 Consolidated Financial Statements (effective from 1 January 2013)
- MFRS 12 Disclosure of Interests on Other Entities (effective from 1 January 2013)
- MFRS 13 Fair Value Measurement (effective from 1 January 2013)
- MFRS 119 Employee Benefits (effective from 1 January 2013)
- MFRS 127 Separate Financial Statements (effective from 1 January 2013)
- Amendments to MFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2013)
- Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)

The directors do not anticipate that the application of the new MFRSs when they are effective, will have a material impact on the results and the financial position of the Group.

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-to-date other than those mentioned in Note B1.

A5. Material Changes in Estimates

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

A6. Debt and Equity Securities

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

A7. Dividend

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

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NOTES TO CONDENSED FINANCIAL STATEMENTS

A8. Segmental Results

Segmental results are included in Note B1 below.

A9. Material Subsequent Events

There were no material events subsequent to the end of the current year quarter.

A10. Changes in the Composition of the Group

The Group had on 17 February 2012, purchased 4,590,191 ordinary shares of RM1.00 each representing 15.80% equity interest in West Coast Expressway Sdn. Bhd. (WCE) for a total purchase consideration of RM5,336,097-00. Together with 18,649,046 ordinary shares of RM1.00 each (64.20%) held by KEURO, KEURO now holds 80% equity interest in WCE.

A11. Contingent Liabilities

Keuro Leasing Sdn Bhd (KLSB), a wholly-owned subsidiary was indebted to Bangkok Bank Berhad (BBB) for an amount of RM5.77 million. The bank borrowing was secured against a piece of development land of 74.53 acres in Sepang, Selangor (the Land) which belongs to associated company, Trinity Corporation Berhad (Trinity). The Land, valued at RM48.70 million, was part and parcel of properties sold by Trinity to a creditor under an agreement entered into on March 2010. Despite its awareness of this agreement, BBB, had on 7 September 2010, proceeded to auction the Land to a purchaser for RM15 million, thus giving rise to a potential loss of RM33.70 million to KLSB, should Trinity be unsuccessful in recovering the Land which is currently being pursued vigorously through court actions taken against purchaser for auction done in bad faith and, against BBB, for having wrongfully auctioned the Land.

Based on counsel's advice, the Board believes Trinity has a reasonably good and valid claim in the legal actions being taken.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

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

B1. Review of Performance

(a) Segmental Information

<u>Segmental Revenue</u>	<u>Current quarter</u>				<u>Cumulative quarters</u>			
	<u>2012</u> RM'000	<u>2011</u> RM'000	<u>Changes</u>		<u>2012</u> RM'000	<u>2011</u> RM'000	<u>Changes</u>	
			RM'000	%			RM'000	%
Manufacturing and trading of industrial products	3,753	2,890	863	30	3,753	2,890	863	30
Construction	1,219	2,924	(1,705)	(58)	1,219	2,924	(1,705)	(58)
Investment holding, management services and leasing	-	438	(438)	(100)	-	438	(438)	(100)
	<u>4,972</u>	<u>6,252</u>	<u>(1,280)</u>	<u>(20)</u>	<u>4,972</u>	<u>6,252</u>	<u>(1,280)</u>	<u>(20)</u>

<u>Profit/(Loss) before tax</u>	<u>Current quarter</u>				<u>Cumulative quarters</u>			
	<u>2012</u> RM'000	<u>2011</u> RM'000	<u>Changes</u>		<u>2012</u> RM'000	<u>2011</u> RM'000	<u>Changes</u>	
			RM'000	%			RM'000	%
Manufacturing and trading of industrial products	665	424	241	57	665	424	241	57
Construction	(117)	(1,673)	1,556	93	(117)	(1,673)	1,556	93
Investment holding, management services and leasing	(14)	2,763	(2,777)	(100)	(14)	2,763	(2,777)	(100)
	<u>534</u>	<u>1,514</u>	<u>(981)</u>	<u>(65)</u>	<u>534</u>	<u>1,514</u>	<u>(981)</u>	<u>(65)</u>

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NOTES TO CONDENSED FINANCIAL STATEMENTS

(b) Overall Results Commentary:

For the quarter/current year-to-date:

The Group recorded a revenue of RM 4.97 million which is a decrease of 20% compared with the revenue recorded in the preceding year quarter. The Group recorded a pre-tax profit of RM0.53 million, a decrease of 65.0%, compared to a pre-tax profit of RM1.51 million incurred in the preceding year quarter.

(c) Segmental Results Commentary:

i) Manufacturing and trading of industrial products:

For the quarter/current year-to-date:

Revenue of the division increased by 30% due to increase in volume of production and sales as compared to preceding year quarter. The pre-tax profit increased by 57% was mainly due to the increase in volume and selling price of the products in the current year quarter.

ii) Construction:

For the quarter/current year-to-date:

Revenue of the division declined by 58% as the construction projects were near completion. The pre-tax loss decreased by 93% due to absence of doubtful debts provision for the current year quarter against a provision for doubtful debts of RM1.57 million made in the preceding year quarter.

iii) Investment holding, Management Services and Leasing:

For the quarter/current year-to-date:

There is no revenue from this division for the current year quarter.

The Group recorded a pre-tax loss of RM0.01 million in the current year quarter against a pre-tax profit of RM2.76 million in the preceding year quarter due to gain on sale of investments and gain on accretion of equity interest on Trinity of RM4.25 million and RM1.87 million achieved in the preceding year quarter. There were no such gains in the current year quarter.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

B2. Comparison with Preceding Quarter's Results

Overall:

For the current year quarter, the Group achieved a total revenue of RM4.97 million and pre-tax profit of RM0.53 million against revenue of RM4.96 million and pre-tax profit of RM27.72 million of the preceding quarter. The substantial pre-tax profit reported in the preceding quarter was due to the gain on accretion of equity interest in Trinity of RM 50.79 million, the waiver of debt by a creditor amounting to RM6.62 million and the reversal of provision for loss on fair value of short term investment of RM5.04 million.

B3. Prospects

- (a) West Coast Expressway Sdn Bhd (WCE), a 80.0% subsidiary company of the Company, has received an approval letter dated 26 January 2012 from the Public Private Partnership Unit of the Prime Minister's Department for WCE to undertake the Proposed Privatization of the Construction of the West Coast Expressway.

The Concession from Banting in Selangor to Taiping in Perak will cover a distance of 316km, of which 224km will be tolled while 92km will be toll - free. The estimated Project cost is RM7.07 billion. The Project is a build-operate-transfer (BOT) project with a concession period up to 60 years;

The Directors are of the opinion that once the concession agreement is signed with GOM, the long term viability of the WCE project will further enhance the future earnings and financial position of the Group.

- (b) Radiant Pillar Sdn Bhd (RPSB), a 50%-owned associate, which was alienated 1,877.87 acres of land by the State Government of Selangor pursuant to a settlement agreement dated 13 August 2010, intends to launch property development projects in the second half of 2012.

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 STATEMENTS

B5. Taxation

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/04/2012 RM'000	Preceding Year Quarter 30/04/2011 RM'000	Current Year To-date 30/04/2012 RM'000	Preceding Year To-date 30/04/2011 RM'000
Income Tax				
- current year	(235)	(168)	(235)	(168)
Deferred Tax				
- current year	-	(236)	-	(236)
Total	<u>(235)</u>	<u>(404)</u>	<u>(235)</u>	<u>(404)</u>

Income tax provision for the current year is mainly in respect of a manufacturing subsidiary.

B6. Status of Corporate Proposals

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

B7. Group Borrowings and Debt Securities

The Group's borrowings and debt securities which are denominated in Ringgit Malaysia as at 30 April 2012 are as follows:

	RM'000
Short term borrowings	
- secured	4,277
- unsecured	24,203
	<u>28,480</u>
Long term borrowings	
- secured	109,002
Total borrowings	<u>137,482</u>

B8. 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.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

B9. Material Litigation

The Group has not engaged in any material litigation since the last annual year end date.

B10. Dividend

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

B11. Earnings Per Share

Basic

The basic earnings per share is calculated by dividing the Group's net profit attributable to owners of RM182,000 for the current year quarter by the number of ordinary shares in issue as at 30 April 2012 of 520,991,765 shares.

For the preceding year quarter and preceding financial year, the basic earnings per share is calculated by dividing the Group's net profit attributable to owners of RM998,000 for the current year quarter by the number of ordinary shares in issue as at 30 April 2012 of 520,991,765 shares.

Diluted

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

B12. Realised and Unrealised Profit/(Losses)

	As at 30 April 2012 RM'000	As at 31 January 2012 RM'000
Accumulated losses of the Group and its subsidiaries:		
- Realised	(201,306)	(259,645)
- Unrealised	-	245
Associated companies:		
- Realised	(220,875)	(162,963)
- Unrealised	(8,160)	(8,160)
Total group accumulated losses	(430,341)	(430,523)

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NOTES TO CONDENSED FINANCIAL STATEMENTS

B13. Audit Report

The auditors' report of the financial statements for the year ended 31 January 2012 was not subject to any qualification.

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 27 June 2012.

By order of the Board

Raw Koon Beng
Company Secretary