KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the second quarter ended 31 July 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/07/13 RM'000	PRECEDING YEAR QUARTER 31/07/2012 RM'000	CURRENT FINANCIAL YEAR 31/07/13 RM'000	PRECEDING FINANCIAL YEAR 31/07/2012 RM'000
Continuing Operations				
Revenue	3,264	4,445	8,364	9,417
Cost of sales	(2,575)	(3,954)	(6,728)	(7,905)
Gross profit	689	491	1,636	1,512
Other income (N1)	255	881	628	2,893
Operating expenses (N2)	(760)	2,645	(1,996)	2,613
Finance cost	(2,578)	(2,785)	(5,320)	(5,121)
Share of results of associates	1,443	(3,760)	1,252	(3,891)
Loss before tax	(951)	(2,528)	(3,800)	(1,994)
Taxation	(251)	(337)	(440)	(572)
Loss for the period	(1,202)	(2,865)	(4,240)	(2,566)
Share of other comprehensive loss	(516)	468	(1,415)	463
Total comprehensive loss	(1,718)	(2,397)	(5,655)	(2,103)
Loss for the period attributable to:				
Owners of the Company	(1,289)	(2,957)	(4,463)	(2,775)
Non-Controlling Interests	87	92	223	209
	(1,202)	(2,865)	(4,240)	(2,566)
Total comprehensive loss attributable to:				
Owners of the Company	(1,805)	(2,489)	(5,878)	(2,312)
Non-Controlling Interests	87	92	223	209
	(1,718)	(2,397)	(5,655)	(2,103)
Earnings per share attributable to Owners of the Company :				
- Basic (sen)	(2.25)	(0.57)	(0.78)	(0.53)
- Diluted (sen)	-	-	-	-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/07/13 RM'000	PRECEDING YEAR QUARTER 31/07/2012 RM'000	CURRENT FINANCIAL YEAR 31/07/13 RM'000	PRECEDING FINANCIAL YEAR 31/07/2012 RM'000
Notes:				
N1) Included under Other Income				
- Interest Income	242	820	607	1,513
N2) Included under Operating Expenses				
- Depreciation	(51)	(104)	(102)	(187)
- Provision for doubtful debt no longer required	492	1,811	492	3,531
- Reversal of over accrual of prior years rental	-	2,372	-	2,372

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31/07/13 RM '000	AUDITED AS AT 31/01/2013 RM '000
ASSETS		
Non-Current Assets		
Property, plant and equipment	19,666	19,743
Infrastructure development expenditure	123,586	115,221
Investment in associates	165,247	165,411
Goodwill on consolidation	7,086	7,086
Total Non-Current Assets	315,585	307,461
Current Assets		
Inventories	1,858	1,792
Trade and other receivables	47,427	61,364
Amount due from contracts customers	806	-
Fixed deposits with licence bank	951	1,638
Cash and bank balances	61,916	3,192
Total Current Assets	112,958	67,986
TOTAL ASSETS	**428,543**	**375,447**
EQUITY AND LIABILITIES		
Share capital	572,992	520,992
Reserves	(420,527)	(419,975)
Attributable to Owners of the Company	152,465	101,017
Non-controlling interests	8,175	7,952
Total Equity	160,640	108,969
Non-Current Liabilities		
Deferred taxation	135	135
Current Liabilities		
Trade and other payables	134,666	128,880
Amount due to contracts customers	-	221
Loans and borrowings	130,013	133,549
Tax payables	3,089	3,693
Total Current Liabilities	267,768	266,343
TOTAL LIABILITIES	267,903	266,478
EQUITY AND LIABILITIES	**428,543**	**375,447**
Net assets per share attributable to Owners of the Company (RM)	0.2661	0.1939

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013 and the accompanying explanatory notes attached to the interim financial report.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the second quarter ended 31 July 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Non-Distributable					
	Share Capital	Share Premium	Foreign Exchange Reserve	Accumulated Losses	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current financial year							
Balance as at 1 February 2013	520,992	36,965	(458)	(456,482)	101,017	7,952	108,969
Dividend paid to non-controlling interest of a subsidiary	-	-	-	(54)	(54)	-	(54)
Issuance of shares	52,000	5,380.00	-	-	57,380	-	57,380
Total comprehensive income	-	-	(1,415)	(4,463)	(5,878)	223	(5,655)
Balance as at 31 July 2013	572,992	42,345	(1,873)	(460,999)	152,465	8,175	160,640
Preceeding financial year							
Balance as at 1 February 2012	520,992	36,965	(2,424)	(430,523)	125,010	8,625	133,635
Accquisition of additional equity interest in a subsidiary	-	-	-	(1,256)	(1,256)	(2,126)	(3,382)
Total comprehensive income	-	-	463	(2,775)	(2,312)	209	(2,103)
Balance as at 31 July 2012	520,992	36,965	(1,961)	(434,554)	121,442	6,708	128,150

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/07/13 RM'000	6 months ended 31/07/2012 RM'000
OPERATING ACTIVITIES:		
Loss before taxation:	(3,800)	(1,994)
Adjustment for :		
Share of results of associates	(1,252)	3,891
Depreciation of property, plant and equipment	102	187
Impairment loss on receivables no longer required	(492)	(3,531)
Interest income	(607)	(1,513)
Interest expense	5,320	5,121
Gain on disposal of property, plant and equipment	-	(222)
Operating cash flows before changes in working capital	(729)	1,939
Changes in Working Capital:		
Inventories	(66)	(243)
Receivables	10,650	6,306
Payables	5,719	(930)
Balances with customers for contract works	(1,027)	892
Infrastructure development expenditure	(8,273)	(3,330)
Net cash flows from operations	6,274	4,634
Interest paid	(5,320)	(5,121)
Income tax paid	(1,046)	(868)
Net cash flows from operating activties	(92)	(1,355)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/07/13 RM'000	6 months ended 31/07/2012 RM'000
INVESTING ACTITIVIES		
Decrease in amount owing by associates	3,900	10,714
Interest received	607	1,513
Additional acquisition of interest in subsidiary company	-	(1,256)
Proceeds from disposal of property, plant and equipment	-	1,025
Addditions to property, plant and equipment	(222)	(594)
Net cash flows (used in)/used from investing activities	4,285	11,402
FINANCING ACTIVITES		
Issuance of shares	57,380	-
Decrease in amount owing to associates	-	(3,771)
Decrease in amount owing to director	-	(150)
Repayment of borrowings	(3,618)	(3,706)
Net cash flows used in financing activities	53,762	(7,627)
Net increase in cash and cash equivalents	57,955	2,420
Cash and cash equivalents at beginning of financial period	3,074	1,028
Cash and cash equivalents at end of financial period	61,029	3,448

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

Cash and bank balances	61,916	4,842
Fixed deposits with licence bank	951	500
Bank overdrafts	(1,838)	(1,894)
	61,029	3,448

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO CONDENSED FINANCIAL STATEMENTS

PART A – Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation

The unaudited quarterly consolidated financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 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 the Group's audited financial statements for the financial year ended 31 January 2013 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 2013.

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 2013 except for the first-time adoption of MFRS Framework.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework. The MFRS framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2015.

In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the applications of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively, against opening retained profits.

NOTES TO CONDENSED FINANCIAL STATEMENTS

A2. Accounting policies and methods of computation (continue)

The Group has 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

	Effective for the Financial period Beginning on or After
FRS 101 Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (20120))	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosures of interest in Other Entities	1 January 2013
FRS 13 Fair Value Measurements	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 7: Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interest in Other Entities: Translation Guidance	1 January 2013

NOTES TO CONDENSED FINANCIAL STATEMENTS

A3. Seasonality or Cyclicality 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 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.

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.

A7. Dividend

No dividend has been paid in the current financial year.

A8. Segmental Results

Segmental results are included in Note B1 below.

A9. Material Subsequent Events

Material events subsequent to the end of the current financial quarter are as follows:-

a) KEB on 12 August 2013 as announced, entered into a conditional share sale agreement ("SSA") with IJM Properties Sdn Bhd ("IJMP" or "Purchaser") for the proposed disposal of 10% equity interest held in Radiant Pillar Sdn Bhd ("RPSB") to IJMP, for a total cash consideration of RM52.5 million, upon the terms and subject to the conditions as set out in the SSA.

NOTES TO CONDENSED FINANCIAL STATEMENTS

b) On 12 August 2013, the Company announced that it was proposing to undertake the following:-

i.) a renounceable rights issue of 429,743,823 new ordinary shares of RM1.00 each in KEB ("Rights Shares") together with 214,871,911 free detachable warrants ("Warrant(s)"), on the basis of three (3) Rights Shares for every four (4) existing ordinary shares of RM1.00 each in KEB ("KEB Shares" or "Shares") held and one (1) free Warrant for every two (2) Rights Shares subscribed for on an entitlement date to be determined later .

ii.) an increase in the authorised share capital of the Company from RM1,000,000,000 comprising 1,000,000,000 KEB Shares to RM3,000,000,000 comprising 3,000,000,000 KEB Shares; and

iii.) amendments to the Memorandum and Articles of Association ("M&A") of the Company.

A10. Changes in the Composition of the Group

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

A11. Contingent Liabilities

	RM'000
A subsidiary was indebted to a bank which had on 7 September 2010 auctioned and disposed of a piece of land ("Land") belonging to TTransform (formerly "Trinity") Group which was used as the security for the borrowing. The Group is contingently liable to TTransform Group until all court proceedings have been fully exhausted.	33,700

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

	Current quarter				Cumulative quarters			
	Jul13 RM'000	Jul12 RM'000	Changes RM'000	%	Jul13 RM'000	Jul12 RM'000	Changes RM'000	%
Segmental Revenue								
Manufacturing and trading of industrial products	3,252	3,082	170	6	6,829	6,835	(6)	(0)
Construction	12	1,363	(1,351)	(99)	1,535	2,582	(1,047)	(41)
Investment holding, management services and leasing	-	-	-	-	-	-	-	-
	3,264	4,445	(1,181)	(27)	8,364	9,417	(1,053)	(11)

	Current quarter				Cumulative quarters			
	Jul13 RM'000	Jul12 RM'000	Changes RM'000	%	Jul13 RM'000	Jul12 RM'000	Changes RM'000	%
Profit/(Loss) before tax								
Manufacturing and trading of industrial products	761	643	118	18	1,674	1,307	367	28
Construction	(130)	2,605	(2,735)	105	(192)	2,487	(2,679)	108
Investment holding, management services and leasing	(1,582)	(5,776)	4,194	(73)	(5,282)	(5,788)	506	(9)
	(951)	(2,528)	1,577	(62)	(3,800)	(1,994)	(1,806)	91

NOTES TO CONDENSED FINANCIAL STATEMENTS

(b) Overall Results Commentary:

For the quarter:
The Group recorded a revenue of RM3.26 million, which is a decrease of 27% compared with the revenue of RM4.45 million recorded in the preceding year quarter, mainly due to completion of construction projects. The Group recorded a pre-tax loss of RM0.95 million compared to a pre-tax loss of RM2.53 million in the preceding year quarter. The reduced loss is due to share of profits from Radiant.

For the year-to-date:
The Group recorded a revenue of RM8.36 million, which is a decrease of 11% compared with the revenue of RM9.42 million recorded in the preceding year, mainly due to completion of construction projects. The Group recorded a pre-tax loss of RM3.80 million, an increase of 91%, due to reversal of prior years rental expenses in the preceding year.
.

(c) Segmental Results Commentary:

i) Manufacturing and trading of industrial products:

For the quarter:
The division recorded revenue of RM3.26 million, an increase of 6% compared with the revenue of RM3.09 million recorded in the preceding year quarter. The pre-tax profit increased by RM0.12 million mainly due to increased production efficiency and reduction in selling & marketing expenses.

For the year-to-date:
Revenue of the division of RM6.83 million approximated revenue achieved in the preceding year. However, pre-tax profit increased from RM1.31 million to RM1.67 million mainly due to increased production efficiency and reduction in selling & marketing expenses.

ii) Construction:

For the quarter:
Revenue of the division decreased by RM1.35 million mainly due to completion of construction projects. The pre-tax loss of RM0.13 million as compared to the pre-tax profit of RM2.61 million in the preceding year quarter is mainly due to the reversal of prior years rental expenses in the preceding year quarter.

For the year-to-date:
Revenue of the division decreased by RM1.05 million due to completion of construction projects. The pre-tax loss of RM0.19 million as compared to the pre-tax profit of RM2.49 million in the preceding year is due to the reversal of prior years rental expenses in the preceding year.

NOTES TO CONDENSED FINANCIAL STATEMENTS

iii) Investment holding, Management Services and Leasing:

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

The decrease in the pre-tax loss of RM1.58 million in the current year quarter as compared to a pre-tax loss of RM5.78 million in the preceding year quarter is mainly due to share of profit of RM3.16 million from RPSB as a result of the launch of Phase 1 of Bandar Rimbayu.

For the year-to-date:
There is no revenue from this division for the year.

The Group recorded a pre-tax loss of RM5.283 million for the year as compared to a pre-tax loss of RM5.79 million in the preceding year quarter due to decrease in losses from share of results in associates.

B2. Comparison with Preceding Quarter's Results

Overall:

For the current year quarter, the Group achieved a total revenue of RM3.26 million and pre-tax loss of RM0.95 million against revenue of RM5.10 million and pre-tax loss of RM2.85 million in the preceding quarter. The decrease in total revenue is mainly due to the completion of construction projects and the reduction in sales in the manufacturing sector, whilst the decrease in pre-tax losses is due to the decrease in losses from share of results in associates.

NOTES TO CONDENSED FINANCIAL STATEMENTS

B3. Prospects

(a) WCE, a 80% owned subsidiary of the Company signed the Concession Agreement with the Government of Malaysia on 2 January 2013. The concession involves the development of the west coast expressway from Banting in Selangor to Taiping in Perak with 233 km of toll highway (including 40 km of highway to be constructed later). The Project is a build-operate-transfer (BOT) project with a concession period up to a maximum of 60 years. WCE is in the process of securing the project financing and is expected to achieve Financial Close as required by the Concession Agreement.

Upon implementation of the west coast expressway project, the future financial position and earnings of the Company is expected to be enhanced.

(b) RPSB launched the Phase 1 of Bandar Rimbayu ("BR") in March 2013 through a balloting process where the response was overwhelming and the non-bumiputra units for this phase was fully sold-out. RPSB launched Phase 2 in August 2013 which comprises of terrace houses with a larger built-up area as compared to Phase 1. The response for Phase 2 was also well received by public.

Upon completion of the proposed sale of 10% equity interest in RPSB as announced on 12 August 2013, the Group will still have a 40% stake in BR. The Company is expected to benefit from the management expertise and core competencies of IJM Land Group in township development. The "IJM Land" branding is also expected to enhance the value of the BR Development.

B4. Profit Forecast and Guarantee

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

NOTES TO CONDENSED FINANCIAL STATEMENTS

B5. Taxation

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/07/13 RM'000	Preceding Year Quarter 31/07/12 RM'000	Current Year To-date 31/07/13 RM'000	Preceding Year To-date 31/07/12 RM'000
Income Tax				
current year	251	190	440	425
prior year	-	147	-	147
	251	337	440	572
Deferred Tax				
current year	-	-	-	-
prior year	-	-	-	-
Total	251	337	440	572

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 31 July 2013 are as follows:

	RM'000
Short term borrowings	
secured	113,280
unsecured	16,733
Total borrowings	130,013

NOTES TO CONDENSED FINANCIAL STATEMENTS

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.

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 loss attributable to owners of RM1,289,000 for the current year quarter by the number of ordinary shares in issue as at 31 July 2013 of 572,991,765 shares.

For the preceding year quarter the basic earnings per share is calculated by dividing the Group's net loss attributable to owners of RM2,957,000 for the current year quarter by the number of ordinary shares in issue as at 31 July 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.

B12. Realised and Unrealised Losses

	As at 31 Jul 2013 RM'000	As at 31 Jul 2012 RM'000
Accumulated losses of the Group and its subsidiaries		
- Realised	(281,989)	(205,407)
- Unrealised	(135)	(113)
Associated Companies		
- Realised	(174,587)	(220,830)
- Unrealised	(4,288)	(8,204)
Total group accumulated losses	(460,999)	(434,554)

NOTES TO CONDENSED FINANCIAL STATEMENTS

B13. Audit Report

The auditors' report of the financial statements for the year ended 31 January 2013 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 September 2013.

By order of the Board

Raw Koon Beng

Company Secretary