

**KUMPULAN EUROPLUS BERHAD (534368-A)****Interim financial report for the fifth quarter ended 31 March 2014**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/03/14 RM'000	PRECEDING YEAR QUARTER 31/03/2013* RM'000	CURRENT FINANCIAL YEAR 31/03/14 RM'000	PRECEDING FINANCIAL YEAR 31/03/2013* RM'000
<b>Continuing Operations</b>				
Revenue	1,582	-	13,910	-
Cost of sales	(1,600)	-	(11,892)	-
Gross profit/(loss)	(18)	-	2,018	-
Other income (N1)	2,073	-	54,211	-
Operating expenses (N2)	(81,548)	-	(87,522)	-
Finance cost	(3,107)	-	(16,019)	-
Share of results of associates	2,320	-	14,512	-
<b>Loss before tax</b>	<b>(80,280)</b>	<b>-</b>	<b>(32,800)</b>	<b>-</b>
Taxation	(223)	-	(722)	-
<b>Loss for the period</b>	<b>(80,503)</b>	<b>-</b>	<b>(33,522)</b>	<b>-</b>
Share of other comprehensive profit	(177)	-	1,328	-
<b>Total comprehensive loss</b>	<b>(80,680)</b>	<b>-</b>	<b>(32,194)</b>	<b>-</b>
<b>Loss for the period attributable to:</b>				
Owners of the Company	(79,525)	-	(32,964)	-
Non-Controlling Interests	(978)	-	(558)	-
	<b>(80,503)</b>	<b>-</b>	<b>(33,522)</b>	<b>-</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(79,702)	-	(31,636)	-
Non-Controlling Interests	(978)	-	(558)	-
	<b>(80,680)</b>	<b>-</b>	<b>(32,194)</b>	<b>-</b>
<b>Earnings per share attributable to Owners of the Company :</b>				
- Basic (sen)	(14.3)	-	(5.9)	-
- Diluted (sen)	(14.3)	-	(5.9)	-

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	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/03/14 RM'000	PRECEDING YEAR QUARTER 31/03/2013* RM'000	CURRENT FINANCIAL YEAR 31/03/14 RM'000	PRECEDING FINANCIAL YEAR 31/03/2013* RM'000
<b>Notes: ( Refer to B1 " Review of Performance" for more information)</b>				
<b>N1) Included in Other Income</b>				
- Interest Income	2,057	-	4,041	-
- Profit on disposal of investment	-	-	50,138	-
<b>N2) Included in Operating Expenses</b>				
- Depreciation	(36)	-	(241)	-
- Loss on disposal of Property, Plant & equipment	-	-	(12)	-
- Provision for impairment on goodwill	(1,717)	-	(1,717)	-
- Provision for impairment on investment in associate	(75,740)	-	(75,740)	-
- Provision for impairment on receivables no longer required	-	-	2,341	-
- Provision for impairment on receivables	(2,497)	-	(2,497)	-
- Bad debt written off	(13)	-	(13)	-

\*As stated in A2 below, the company has changed its financial year end to 31 March, hence there is no comparative numbers for the preceding year quarter ended 31 March 2013.

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.

**KUMPULAN EUROPLUS BERHAD (534368-A)****Interim financial report for the fifth quarter ended 31 March 2014**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>UNAUDITED</b> AS AT 31/03/14 RM '000	<b>AUDITED</b> AS AT 31/01/2013 RM '000	<b>AUDITED</b> AS AT 1/02/2012 RM '000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	19,896	19,743	20,499
Infrastructure development expenditure	139,702	115,221	90,462
Investment in associates	103,148	165,411	171,061
Goodwill on consolidation	5,369	7,086	7,086
<b>Total Non-Current Assets</b>	<b>268,115</b>	<b>307,461</b>	<b>289,108</b>
<b>Current Assets</b>			
Inventories	1,552	1,792	1,189
Trade and other receivables	40,876	61,364	102,550
Amount due from contracts customers	181	-	1,554
Fixed deposits with licenced bank	88,382	1,638	-
Cash and bank balances	6,847	3,192	3,655
<b>Total Current Assets</b>	<b>137,838</b>	<b>67,986</b>	<b>108,948</b>
<b>TOTAL ASSETS</b>	<b>405,953</b>	<b>375,447</b>	<b>398,056</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	572,992	520,992	520,992
Reserves	(446,230)	(419,975)	(395,982)
Attributable to Owners of the Company	126,762	101,017	125,010
Non-controlling interests	41,585	7,952	8,625
<b>Total Equity</b>	<b>168,347</b>	<b>108,969</b>	<b>133,635</b>
<b>Non-Current Liabilities</b>			
Loans and borrowings	-	-	109,035
Deferred taxation	135	135	113
	135	135	109,148
<b>Current Liabilities</b>			
Trade and other payables	114,822	128,880	116,968
Amount due to contracts customers	-	221	-
Loans and borrowings	121,906	133,549	32,961
Tax payables	743	3,693	5,344
<b>Total Current Liabilities</b>	<b>237,471</b>	<b>266,343</b>	<b>155,273</b>
<b>TOTAL LIABILITIES</b>	<b>237,606</b>	<b>266,478</b>	<b>264,421</b>
<b>EQUITY AND LIABILITIES</b>	<b>405,953</b>	<b>375,447</b>	<b>398,056</b>
Net assets per share attributable to Owners of the Company (RM)	0.2212	0.1939	0.2399

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.

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(The figures have not been audited)

**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
<b>Current financial year</b>							
Balance as at 1 February 2013	520,992	36,965	(458)	(456,482)	101,017	7,952	108,969
Issuance of shares	52,000	5,381	-	-	57,381	34,191	91,572
Total comprehensive income	-	-	1,328	(32,964)	(31,636)	(558)	(32,194)
Balance as at 31 March 2014	572,992	42,346	870	(489,446)	126,762	41,585	168,347
<b>Preceding financial year</b>							
Balance as at 1 February 2012	520,992	36,965	(2,424)	(430,523)	125,010	8,625	133,635
Acquisition of additional equity interest in a subsidiary	-	-	-	(2,768)	(2,768)	(2,568)	(5,336)
Dividend paid to non-controlling interest in a subsidiary	-	-	-	-	-	(35)	(35)
Issuance of shares to non-controlling interest in a subsidiary	-	-	-	-	-	1,890	1,890
Total comprehensive income	-	-	1,966	(23,191)	(21,225)	40	(21,185)
Balance as at 31 January 2013	520,992	36,965	(458)	(456,482)	101,017	7,952	108,969

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>14 months ended 31/03/14 RM'000</b>	<b>Audited for the year ended 31/01/13 RM'000</b>
<b>OPERATING ACTIVITIES:</b>		
Profit / (Loss) before taxation:	(32,800)	(22,109)
Adjustment for :		
Share of results of associates	(14,512)	8,638
Gain on disposal of investment	(50,138)	-
Depreciation of property, plant and equipment	514	499
Bad debts written off	-	17
Property, plant and equipment written off	-	68
Loss on disposal of property, plant and equipment	12	-
Gain on disposal of property, plant and equipment	-	(223)
Impairment loss on goodwill	1,717	-
Impairment loss on investment in associate	75,740	-
Impairment loss on receivables	2,497	6,298
Impairment loss on receivables no longer required	(2,341)	(811)
Interest income	(4,041)	(2,867)
Interest expense	16,019	10,550
<b>Operating cash flows before changes in working capital</b>	<b>(7,333)</b>	<b>60</b>
Changes in Working Capital:		
Inventories	240	(603)
Receivables	20,946	3,684
Payables	(18,338)	18,938
Balances with customers for contract works	(402)	1,775
Associate balances	-	6,379
Infrastructure development expenditure	(24,273)	(24,611)
<b>Net cash flows from operations</b>	<b>(29,160)</b>	<b>5,622</b>
Interest paid	(16,019)	(20)
Income tax paid	(3,662)	(2,671)
<b>Net cash flows from operating activities</b>	<b>(48,841)</b>	<b>2,931</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>14 months ended 31/03/14 RM'000</b>	<b>Audited for the year ended 31/01/13 RM'000</b>
<b>INVESTING ACTIVITIES</b>		
Increase/Decrease in amount owing to associates	3,656	17,771
Proceeds from disposal of investment	52,500	-
Interest received	4,041	2,867
Proceeds from disposal of property, plant and equipment	34	1,194
Additions to property, plant and equipment	(919)	(930)
<b>Net cash flows (used in)/used from investing activities</b>	<u>59,312</u>	<u>20,902</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of shares	57,381	-
Issuance of shares to non-controlling interest of a subsidiary	-	1,890
Dividend paid to non-controlling interest of a subsidiary	-	(35)
Interest paid	-	(10,530)
Decrease in amount owing to director	-	(200)
Additional acquisition of interest in a subsidiary company	-	(5,336)
Increase in equity interest in a subsidiary	34,190	-
Repayment of finance lease liabilities	-	(81)
Repayment of borrowings	(11,838)	(7,495)
<b>Net cash flows used in financing activities</b>	<u>79,733</u>	<u>(21,787)</u>
Net increase in cash and cash equivalents	90,204	2,046
Cash and cash equivalents at beginning of financial period	3,074	1,028
Cash and cash equivalents at end of financial period	<u>93,278</u>	<u>3,074</u>
<b>Note :</b>		
Cash and cash equivalents at the end of the financial period comprise of :		
Cash and bank balances	6,847	3,192
Fixed deposits with licence bank	88,382	1,638
Bank overdrafts	(1,951)	(1,756)
	<u>93,278</u>	<u>3,074</u>

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**

As announced on 29 January 2014, the Company has changed its financial year end to 31 March. Accordingly, the first set of financial statements reflecting the change will be made up from 1 February 2013 to 31 March 2014 covering a period of 14 months.

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 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 2013. 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.

## **NOTES TO CONDENSED FINANCIAL STATEMENTS**

### **A2. Accounting policies and methods of computation**

(a) **Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int**

The Group had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial period:-

New MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement

Revised MFRSs

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
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Amendments IC Int

IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments
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**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**A2. Accounting policies and methods of computation**

**(b) New MFRS, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted**

The Company has not adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these financial statements but are not yet effective for the Company:-

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	To be announced by the MASB
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014
<u>New IC Int</u>		
IC Int 21	Levies	1 January 2014

## **NOTES TO CONDENSED FINANCIAL STATEMENTS**

### **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**

Except for the provision for impairment on investment in an associate of RM75.74 million, there were no unusual items that have material effects on the assets, liabilities, equity, net income, or cash flows for the current financial year.

The provision for impairment was made to fair value the Company's investment in Talam Transform Bhd. ("TTB"), (formerly known as Talam Corporation Berhad), a 30.04%-associate (2013: 30.17% associate). Current market value at 31 March 2014 is used as fair value until such time the shares are disposed. The Group will fair value the investment at each balance sheet date until the disposal.

### **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**

Except for the private placement of 52,000,000 fully paid-up ordinary shares of RM1.00 each at a price of RM1.11 per share which was completed on 31 July 2013, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current year quarter.

### **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:-

## **NOTES TO CONDENSED FINANCIAL STATEMENTS**

### **A9. Material Subsequent Events**

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 the Company (“Rights Shares”) together with 214,871,911 free detachable warrants (“Warrant(s)”), on the basis of three Rights Shares for every four existing ordinary shares of RM1.00 each in KEB (“KEB Shares” or “Shares”) held and one free Warrant for every two 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 Ordinary shares of RM1.00 each to RM3,000,000,000 comprising 3,000,000,000 Ordinary shares of RM1.00 each; and
- iii) amendments to the Memorandum and Articles of Association (“M&A”) of the Company

Upon approval by Bursa, the Company issued a circular to the shareholders on 5 December 2013.

In an EGM held on 3 January 2014, the shareholders of the Company approved all of the above proposals.

Accordingly, the proposed increase in the authorised share capital of the Company and proposed amendments to the M&A of the Company in items (ii) and (iii) above were completed on 3 January 2014.

However, item (i) above is still pending the Company obtaining necessary approvals from the relevant Authorities to enable the issuance of an Abridged Prospectus to be circulated to shareholders.

### **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 except for the reduction on equity interest in Radiant Pillar Sdn.Bhd. (“RPSB”) to a 40% owned associate, pursuant to the completion of the proposed sale of 10% equity interest in RPSB.

The proposed sale of the 10% equity interest in RPSB was announced on 12 August 2013 and approved by shareholders in an EGM held on 3 January 2014, and completed on 24 July 2014.

### **A11. Contingent Liabilities**

A subsidiary was indebted to a bank which had on 7 September 2010 auctioned and disposed of a piece of land belonging to TTB which was used as the security for the borrowing. TTB is taking legal action against the bank for the difference between the auction price and the market price. In the event TTB is unable to succeed in its claim, there may be a contingent liability not exceeding RM33.00 million.

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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**

	<b>Current quarter</b>				<b>Cumulative quarters</b>			
	<b>31/3/14</b>	<b>31/3/13*</b>	<b>Changes</b>		<b>31/3/14</b>	<b>31/3/13*</b>	<b>Changes</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b><u>Segmental Revenue</u></b>								
Manufacturing and trading of industrial products	1,582	-	1,582	N/A	12,216	-	12,216	N/A
Construction	-	-	-	N/A	1,694	-	1,694	N/A
Investment holding, management services and leasing	-	-	-	N/A	-	-	-	N/A
	<b>1,582</b>	<b>-</b>	<b>1,582</b>	<b>N/A</b>	<b>13,910</b>	<b>-</b>	<b>13,910</b>	<b>N/A</b>

	<b>Current quarter</b>				<b>Cumulative quarters</b>			
	<b>31/3/14</b>	<b>31/3/13*</b>	<b>Changes</b>		<b>31/3/14</b>	<b>31/3/13*</b>	<b>Changes</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b><u>Profit/(Loss) before tax</u></b>								
Manufacturing and trading of industrial products	(147)	-	(147)	N/A	1,723	-	1,723	N/A
Construction	(903)	-	(903)	N/A	(2,332)	-	(2,332)	N/A
Investment holding, management services and leasing	(79,230)	-	(79,230)	N/A	(32,191)	-	(32,191)	N/A
	<b>(80,280)</b>	<b>-</b>	<b>(80,280)</b>	<b>N/A</b>	<b>(32,800)</b>	<b>-</b>	<b>(32,800)</b>	<b>N/A</b>

\* As stated in A2 above, the company has changed its financial year end to 31 March, hence comparative quarterly segmental information is not available. Accordingly, the Company is also unable to provide commentary on its segmental results.

## **NOTES TO CONDENSED FINANCIAL STATEMENTS**

### **(b) Overall Results Commentary:**

#### **For the quarter:**

The Group recorded revenue of RM1.58 million, derived from the Company's manufacturing and trading of industrial products division.

The Group recorded pre-tax loss of RM80.28 million mainly due to a provision for impairment of RM75.74 million made on the Company's investment in the 30.04%-associate, TTB as disclosed in item A4 above.

#### **For the year-to-date:**

The Group recorded revenue of RM13.91 million mainly derived from the Company's manufacturing and trading of industrial products division.

The Group recorded pre-tax loss of RM32.80 million mainly due to the profit of RM50.14 million on disposal of 100,000 ordinary shares of RM1.00 each, representing 10% equity interest in RPSB, reduced by the provision for impairment of RM75.74 million made on the Company's investment in the 30.04%-associate, TTB.

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

For the current quarter, the Group achieved revenue of RM1.58 million and pre-tax loss of RM80.28 million against revenue of RM2.01 million and pre-tax profit of RM58.33 million in the preceding quarter.

The decrease in revenue is mainly due to the current fifth quarter covering a two month period against the fourth quarter that covered a three month period and as for the results for the quarter, the pre-tax losses Group was higher by 237.29% mainly due to reasons mentioned above.

## **NOTES TO CONDENSED FINANCIAL STATEMENTS**

### **B3. Prospects**

- (a) West Coast Expressway Sdn Bhd (“WCESB”) had on 2 January 2013 signed a Concession Agreement (“CA”) with the Government in relation to the WCE Project. WCESB has received Confirmation from the Government that it has fulfilled all conditions precedent in respect of the CA and the effective date is 20 December 2013. On 20 May 2014, the Company announced that it had received the approval from the Government to appoint a consortium comprising of IJM Construction Sdn Bhd. and Kumpulan Europlus Berhad (known as the “Consortium IJMC-Keuro”) as the Turnkey/Engineering and Procurement Contractor for the construction of the WCE Project for a fixed sum contract not exceeding RM5,044 Million.

The WCE Project involves the development of a 233 kilometres of tolled highway from Banting, Selangor to Taiping, Perak (including 40 kilometres of highway to be constructed later). The WCE Project is expected to provide an alternative route for road users and is planned and designed to be connected to the existing highways such as Lebuhraya Shah Alam (“KESAS”), South Klang Valley Expressway (“SKVE”), Expressway Lingkaran Tengah (“ELITE”) and Lebuhraya Kemuning Shah Alam (“LKSA”) in order to maximise coverage to major cities, townships and industrial areas as well as to provide the road users savings in travelling time and costs. The WCE Project is also expected to provide a safer route to coastal areas and avoids mountainous terrains in Jelapang – Kuala Kangsar area of the North South Expressway. The WCE Project is a build-operate-transfer project with a concession period of up to a maximum of 60 years. The construction of the WCE Project is expected to commence in the third quarter of 2014 and will take five years for completion. The project cost is approximately RM5,900 million and revenue from toll collections is expected to commence in 2018.

Upon commencement of toll collection at the West Coast Expressway, its operations are expected to enhance the future profitability and improve the financial position of our Group as this is one of the key projects that is expected to drive our Group’s financial performance and place it on a better financial standing.

- (b) Bandar Rimbayu Sdn Bhd, a wholly-owned subsidiary of RPSB, is the developer of a township known as Bandar Rimbayu. Bandar Rimbayu is a 1,878-acre silver Green Building Index certified premier township development. It is located about three kilometres south of Kota Kemuning in Shah Alam, Selangor which is strategically located adjacent to matured neighbourhoods like Subang Jaya, USJ, Kemuning Utama, Puchong, Shah Alam and Klang. The maiden launch of the Phase 1 and Phase 2 of the township took place in March 2013 and August 2013 respectively. To date, the take-up rate for Phase 1 and Phase 2 is 91% and 73% respectively.

The Bandar Rimbayu development comprises of mixed residential components and commercial hub. The commercial hub is expected to have shopping malls, private education institutions and medical institutions. The township has good connectivity to Shah Alam, Klang, Port Klang, Putrajaya, Cyberjaya, Puchong, Subang Jaya and Damansara as well as to the Kuala Lumpur International Airport via five major highways, namely the KESAS, SKVE, ELITE and LKSA as well as the West Coast Expressway when it is completed. This township is to be developed over 15-20 years and is expected to contribute positively to the future consolidated financial results of our Group, via our 40% equity interest held in RPSB.

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**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**B3. Prospects**

- (c) The Company will be participating in the construction of the WCE as the Government has approved the appointment of the consortium IJMC-KEURO as the Turnkey/Engineering and Procurement Contractor.

**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 31/03/14 RM'000	Preceding Year Quarter 31/03/13 RM'000	Current Year To-date 31/03/14 RM'000	Preceding Year To-date 31/03/13 RM'000
Income Tax				
current year	223	-	720	-
prior year	-	-	2	-
	<b>223</b>	<b>-</b>	<b>722</b>	<b>-</b>
Deferred Tax	-	-	-	-
Total	<b>223</b>	<b>-</b>	<b>722</b>	<b>-</b>

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

**B6. Status of Corporate Proposals**

The Company is in the process of undertaking several corporate proposals as mentioned in item A9 above.

## NOTES TO CONDENSED FINANCIAL STATEMENTS

### **B7. Group Borrowings and Debt Securities**

The Group's borrowings which are denominated in Ringgit Malaysia as at 31 January 2014 are as follows:

	<b>RM'000</b>
Short term borrowings	
- secured	117,262
- unsecured	4,644
	<u>121,906</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.

### **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 RM79,525,000 for the current year quarter and RM32,964,000 for the current financial year by the weighted average number of ordinary shares in issue as at 31 March 2014 of 554,420,336 shares (31 January 2013: 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.



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**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**B12. Realised and Unrealised Losses**

	<b>As at 31 March 2014 RM'000</b>	<b>As at 31 January 2013 RM'000</b>
Accumulated losses of the Group and its subsidiaries		
- Realised	(249,523)	(278,822)
- Unrealised	135	135
Associated Companies		
- Realised	(240,058)	(172,239)
- Unrealised	-	(5,556)
Total group accumulated losses	<u>(489,446)</u>	<u>(456,482)</u>

**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 22 May 2014.

By order of the Board

Raw Koon Beng  
Company Secretary