

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the first quarter ended 30 June 2014
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/6/2014 RM'000	PRECEDING YEAR QUARTER 30/6/2013 RM'000	CURRENT FINANCIAL YEAR 30/6/2014 RM'000	PRECEDING FINANCIAL YEAR 30/6/2013 RM'000
Continuing Operations				
Revenue	2,618	-	2,618	-
Cost of sales	(1,913)	-	(1,913)	-
Gross profit	705	-	705	-
Other income (N1)	37,681	-	37,681	-
Operating expenses	(883)	-	(883)	-
Finance cost	(2,381)	-	(2,381)	-
Share of results of associates	5,883	-	5,883	-
Profit before tax	41,005	-	41,005	-
Taxation	(1,506)	-	(1,506)	-
Profit for the period	39,499	-	39,499	-
Share of other comprehensive profit	-	-	-	-
Total comprehensive profit	39,499	-	39,499	-
Profit for the period attributable to:				
Owners of the Company	39,335	-	39,335	-
Non-Controlling Interests	164	-	164	-
	39,499	-	39,499	-
Total comprehensive profit attributable to:				
Owners of the Company	39,335	-	39,335	-
Non-Controlling Interests	164	-	164	-
	39,499	-	39,499	-
Earnings per share attributable to Owners of the Company :				
- Basic (sen)	6.9	-	6.9	-
- Diluted (sen)	6.9	-	6.9	-

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(continued)

INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT FINANCIAL YEAR	PRECEDING FINANCIAL YEAR
30/6/2014	30/6/2013	30/6/2014	30/6/2013
RM'000	RM'000	RM'000	RM'000

Notes: (Refer to B1 " Review of Performance" for more information)

N1) Included in Other Income

- Interest Income	342	-	342	-
- Reversal of provision for impairment on investment in associate	36,694	-	36,694	-

*As stated in A2 below, the company changed its financial year end to 31 March, hence there is no comparative numbers for the preceding year quarter ended 30 June 2014.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	30/6/2014	31/03/14
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	20,143	20,272
Infrastructure development expenditure	143,163	139,702
Investment in associates	19,854	105,424
Goodwill on consolidation	5,369	5,369
Total Non-Current Assets	188,529	270,767
Current Assets		
Inventories	2,206	1,562
Trade and other receivables	42,272	41,918
Amount due from contracts customers	180	181
Investment held for sale	128,148	-
Other investments	76,612	86,026
Deposits placed with licenced banks	4,187	4,155
Cash and bank balances	5,393	5,030
Total Current Assets	258,998	138,872
TOTAL ASSETS	447,527	409,639
EQUITY AND LIABILITIES		
Share capital	572,992	572,992
Reserves	(406,959)	(446,294)
Attributable to Owners of the Company	166,033	126,698
Non-controlling interests	41,756	41,592
Total Equity	207,789	168,290
Non-Current Liabilities		
Deferred taxation	244	244
Current Liabilities		
Trade and other payables	119,317	118,232
Loans and borrowings	119,332	122,253
Tax payables	845	620
Total Current Liabilities	239,494	241,105
TOTAL LIABILITIES	239,738	241,349
EQUITY AND LIABILITIES	447,527	409,639
Net assets per share attributable to Owners of the Company (RM)	0.2898	0.2211

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial report.

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

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non-Distributable</u>				Attributable	Non-	Total
	Share	Share	Foreign	Accumulated	to Owners of	Controlling	Equity
	Capital	Premium	Exchange	Losses	the Company	Interests	
	RM'000	RM'000	Reserve	RM'000	RM'000	RM'000	RM'000
			RM'000				
Current financial year							
Balance as at 1 April 2014	572,992	42,345	870	(489,509)	126,698	41,592	168,290
Total comprehensive income	-	-	-	39,335	39,335	164	39,499
Balance as at 30 June 2014	<u>572,992</u>	<u>42,345</u>	<u>870</u>	<u>(450,174)</u>	<u>166,033</u>	<u>41,756</u>	<u>207,789</u>

*As stated in A2 below, the company changed its financial year end to 31 March, hence there is no comparative numbers for the preceding year ended 30 June 2014.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014 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 June 2014
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30/6/2014 RM'000
OPERATING ACTIVITIES:	
Profit before taxation:	41,005
Adjustment for :	
Share of results of associates	(5,883)
Depreciation of property, plant and equipment	85
Reversal of impairment on an associate	(36,694)
Interest income	(342)
Interest expense	2,381
Operating cash flows before changes in working capital	552
Changes in Working Capital:	
Inventories	(644)
Receivables	(979)
Payables	1,090
Balances with customers for contract works	1
Associate balances	1,015
Infrastructure development expenditure	(3,417)
Net cash flows from operations	(2,382)
Income tax paid	(1,677)
Net cash flows from operating activities	(4,059)

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the first quarter ended 30 June 2014
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(continued)

	3 months ended 30/6/2014 RM'000
INVESTING ACTIVITIES	
Interest received	342
Net cash flow from investing activities	<u>342</u>
FINANCING ACTIVITIES	
Interest paid	(2,381)
Short term investments	9,414
Repayment of borrowings	(2,921)
Net cash flows used in financing activities	<u>4,112</u>
Net increase in cash and cash equivalents	395
Cash and cash equivalents at beginning of financial period	7,234
Cash and cash equivalents at end of financial period	<u><u>7,629</u></u>

Note :

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

Cash and bank balances	5,393
Fixed deposits with licence bank	4,187
Bank overdrafts	(1,951)
	<u><u>7,629</u></u>

*As stated in A2 below, the company changed its financial year end to 31 March, hence there is no comparative numbers for the preceding year ended 30 June 2014.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014 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 March 2014 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 March 2014.

A2. Accounting policies and methods of computation

As announced on 29 January 2014, the Company changed its financial year end to 31 March. Accordingly, the first set of financial statements reflecting the change was made up from 1 February 2013 to 31 March 2014 covering a period of 14 months. Due to this change in accounting year end, there are no comparative numbers for the preceding year quarter ended 30 June 2014.

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 March 2014

(a) **New and revised FRS, Amendments/Improvements to FRSs, New IC Interpretations, Amendments to IC Int and new MASB approved MFRSs that are issued, but not yet effective and have not been early adopted**

The Group and Company intend to adopt the following standards, where applicable, when they become effective. The adoption of the following standards is not expected to have a material effect on the financial statements :-

		Effective for financial periods beginning on or after
<u>New FRSs</u>		
FRS 9	Financial Instruments	To be announced by the MASB
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
FRS 8	Operating Segments	1 July 2014
FRS 9	Financial Instruments	To be announced by the MASB

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the first quarter ended 30 June 2014
(The figures have not been audited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

A2. Accounting policies and methods of computation (cont'd)

**Effective for financial periods
beginning on or after**

<u>Amendments/Improvements to FRSs</u>		
FRS 10	Consolidated Financial Statements	1 January 2014
FRS 12	Disclosure of Interests in Other Entities	1 January 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2014
FRS 136	Impairment of Assets	1 January 2014
FRS 138	Intangible Assets	1 July 2014
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
FRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
FRS 140	Investment Property	1 July 2014
<u>New IC Int</u>		
IC Int 21	Levies	1 January 2014

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

The Group made a reversal of provision for impairment on investment in an associate amounting to RM36.69 million. Save for the above, there were no unusual items that have material effects on the assets, liabilities, equity, net income, or cash flows for the current financial year.

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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter.

A7. Dividend

No dividend has been paid in the current financial year.

NOTES TO CONDENSED FINANCIAL STATEMENTS

A8. Segmental Results

Segmental results are included in Note B1.

A9. Material Subsequent Events

- (a) On 5 August 2014, the Company issued the Abridged Prospectus to all shareholders for a renounceable Rights Issue of 429,743,823 new ordinary shares of RM1.00 each in the Company ("Rights Shares") at an issue price of RM1.08 per share, 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.

The entitlement date for the above Rights Issue with Warrants is 5 August 2014 and the acceptance and payment is 20 August 2014. Subsequently, the Rights shares and Warrants will be listed and quoted on the Main Market of Bursa Malaysia.

- (b) On 24 July 2014 the Company disposed of 230,000,000 ordinary shares of RM0.20 each in Talam Transform Berhad ("TTB") representing 5.45% of the total voting share capital of TTB for a total cash consideration of RM21,620,000.

A10. Changes in the Composition of the Group

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

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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Interim financial report for the first quarter ended 30 June 2014
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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

	Current quarter				Cumulative quarters			
	30/6/2014	30/6/2013	Changes		30/6/2014	30/6/2013	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<u>Segmental Revenue</u>								
Manufacturing and trading of industrial products	2,548	-	2,548	N/A	2,548	-	2,548	N/A
Construction	70	-	70	N/A	70	-	70	N/A
Investment holding, management services and leasing	-	-	-	N/A	-	-	-	N/A
	<u>2,618</u>	<u>-</u>	<u>2,618</u>	<u>N/A</u>	<u>2,618</u>	<u>-</u>	<u>2,618</u>	<u>N/A</u>

	Current quarter				Cumulative quarters			
	30/6/2014	30/6/2013	Changes		30/6/2014	30/6/2013	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<u>Profit/(Loss) before tax</u>								
Manufacturing and trading of industrial products	313	-	313	N/A	313	-	313	N/A
Construction	(21)	-	(21)	N/A	(21)	-	(21)	N/A
Investment holding, management services and leasing	40,713	-	40,713	N/A	40,713	-	40,713	N/A
	<u>41,005</u>	<u>-</u>	<u>41,005</u>	<u>N/A</u>	<u>41,005</u>	<u>-</u>	<u>41,005</u>	<u>N/A</u>

* As stated in A2 above, the company 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 RM2.62 million, derived mainly from the Company's manufacturing and trading of industrial products division

The Group recorded pre-tax profit of RM41.01 million mainly due to the reversal of provision for impairment of RM36.69 million made on the Company's investment in the associate, TTB as disclosed in item A4 above.

B2. Comparison with Preceding Quarter's Results

As stated in A2 above, the Company changed its financial year end to 31 March. Accordingly, the first set of financial statements reflecting the change was made up from 1 February 2013 to 31 March 2014 covering a period of 14 months. Due to this change in accounting year end, there are no comparative numbers for the preceding year quarter ended 30 June 2014.

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 a build-operate-transfer project with a concession period of up to a maximum of 60 years.

On 25 May 2014, the Deputy Prime Minister of Malaysia officiated the ground breaking ceremony for the project in Teluk Intan, Perak. Construction 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.

- (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 1,879-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.

Bandar Rimbayu successfully launched three phases with the following take-up rates: 93% of Phase 1, 73% of Phase 2 and 78% of the first 40% of Phase 3 launched so far.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the first quarter ended 30 June 2014
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NOTES TO CONDENSED FINANCIAL STATEMENTS

B3. Prospects (cont'd)

(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.

Barring any unforeseen circumstances, the Group expects the results for the current financial year ending 31 March 2015 to be satisfactory.

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 30/6/2014 RM'000	Preceding Year Quarter 30/6/2013 RM'000	Current Year To-date 30/6/2014 RM'000	Preceding Year To-date 30/6/2013 RM'000
Income Tax				
current year	80	-	80	-
prior year	1,426	-	1,426	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,506	-	1,506	-
Deferred Tax				
current year	-	-	-	-
prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,506	-	1,506	-

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.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the first quarter ended 30 June 2014
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NOTES TO CONDENSED FINANCIAL STATEMENTS

B7. Group Borrowings and Debt Securities

The Group's borrowings which are denominated in Ringgit Malaysia as at 30 June 2014 are as follows:

	RM'000
Short term borrowings	
- secured	117,122
- unsecured	2,210
Total borrowings	<u>119,332</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 profit attributable to owners of RM39,335,000 for the current year quarter and the current financial year by the number of ordinary shares in issue as at 31 March 2014 of 572,991,765 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.

KUMPULAN EUROPLUS BERHAD (534368-A)
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NOTES TO CONDENSED FINANCIAL STATEMENTS

B12. Realised and Unrealised Losses

	As at 30 June 2014 RM'000
Accumulated losses of the Group and its subsidiaries	
- Realised	(449,978)
- Unrealised	(196)
	(450,174)

B13. Audit Report

The auditors' report of the financial statements for the year ended 31 March 2014 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 28 August 2014.

By order of the Board

Raw Koon Beng
Company Secretary