

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 30 June 2015
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/6/2015 RM'000	PRECEDING YEAR QUARTER 30/6/2014 RM'000	CURRENT FINANCIAL YEAR 30/6/2015 RM'000	PRECEDING FINANCIAL YEAR 30/6/2014 RM'000
Continuing Operations				
Revenue	163,948	2,618	163,948	2,618
Cost of sales	(161,801)	(1,913)	(161,801)	(1,913)
Gross profit	2,147	705	2,147	705
Other income (N1)	3,569	37,681	3,569	37,681
Operating expenses	(1,786)	(883)	(1,786)	(883)
Finance cost	(1,089)	(2,381)	(1,089)	(2,381)
Share of results of associates	9,277	5,883	9,277	5,883
Profit before tax	12,118	41,005	12,118	41,005
Taxation	(975)	(1,506)	(975)	(1,506)
Profit for the period	11,143	39,499	11,143	39,499
Share of other comprehensive profit	-	-	-	-
Total comprehensive profit	11,143	39,499	11,143	39,499
Profit for the period attributable to:				
Owners of the Company	10,717	39,335	10,717	39,335
Non-Controlling Interests	426	164	426	164
	11,143	39,499	11,143	39,499
Total comprehensive profit attributable to:				
Owners of the Company	10,717	39,335	10,717	39,335
Non-Controlling Interests	426	164	426	164
	11,143	39,499	11,143	39,499
Earnings per share attributable to Owners of the Company :				
- Basic (sen)	1.07	6.86	1.07	6.86
- Diluted (sen)	1.07	6.86	1.07	6.86

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INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT FINANCIAL YEAR	PRECEDING FINANCIAL YEAR
30/6/2015	30/6/2014	30/6/2015	30/6/2014
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	62	342	62	342
- Distribution Income	2,128	775	2,128	775
- Fair value gain/(loss) on unit trust investm	1,368	(140)	1,368	(140)
- Reversal of provision for impairment on investment in associate	-	36,694	-	36,694

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial report.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 30 June 2015
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	30/6/2015	31/3/2015
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	10,798	10,092
Goodwill on consolidation	5,369	5,369
Other intangible asset - infrastructure development expenditure	318,195	155,732
Investment in associates	59,470	50,193
Total Non-Current Assets	393,832	221,386
Current Assets		
Inventories	2,365	2,133
Trade and other receivables	43,877	43,781
Other investments	319,488	398,254
Deposits placed with licenced banks	5,820	3,803
Cash and bank balances	4,300	7,471
	375,850	455,442
Associate classified as asset held for sale	78,505	78,505
Total Current Assets	454,355	533,947
TOTAL ASSETS	848,187	755,333
EQUITY AND LIABILITIES		
Share capital	1,002,736	1,002,736
Reserves	(368,938)	(379,655)
Attributable to Owners of the Company	633,798	623,081
Non-controlling interests	42,524	42,098
Total Equity	676,322	665,179
Non-Current Liabilities		
Deferred taxation	618	232
Current Liabilities		
Trade and other payables	164,448	83,042
Loans and borrowings	6,463	6,416
Tax payables	336	464
Total Current Liabilities	171,247	89,922
TOTAL LIABILITIES	171,865	90,154
EQUITY AND LIABILITIES	848,187	755,333
Net assets per share attributable to Owners of the Company (RM)	0.6321	0.6214

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial report.

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	Non-Distributable				Accumulated Losses	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital	Share Premium	Foreign Exchange Reserve	Warrants Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current financial year								
Balance as at 1 April 2015	1,002,736	42,345	(529)	51,569	(473,040)	623,081	42,098	665,179
Total comprehensive income	-	-	-	-	10,717	10,717	426	11,143
Balance as at 30 June 2015	<u>1,002,736</u>	<u>42,345</u>	<u>(529)</u>	<u>51,569</u>	<u>(462,323)</u>	<u>633,798</u>	<u>42,524</u>	<u>676,322</u>
Preceding 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>-</u>	<u>(450,174)</u>	<u>166,033</u>	<u>41,756</u>	<u>207,789</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial report.

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Interim financial report for the quarter ended 30 June 2015
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30/6/2015 RM'000	3 months ended 30/6/2014 RM'000
OPERATING ACTIVITIES:		
Profit before taxation:	12,117	41,005
Adjustment for :		
Share of results of associates	(9,277)	(5,883)
Depreciation of property, plant and equipment	165	85
Reversal of impairment on an associate	-	(36,694)
Interest income	(62)	(342)
Interest expense	1,089	2,381
Operating cash flows before changes in working capital	<u>4,032</u>	<u>6,712</u>
Changes in Working Capital:		
Inventories	(232)	(644)
Receivables	(3,436)	(979)
Payables	80,433	1,090
Balances with customers for contract works	-	1
Associate balances	4,306	1,015
Infrastructure development expenditure	<u>(162,463)</u>	<u>(3,417)</u>
Net cash flows from operations	<u>(77,360)</u>	<u>3,778</u>
Income tax paid	<u>(709)</u>	<u>(1,677)</u>
Net cash flows from operating activities	<u>(78,069)</u>	<u>2,081</u>

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Interim financial report for the quarter ended 30 June 2015
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(cont'd)

	3 months ended 30/6/2015 RM'000	3 months ended 30/6/2014 RM'000
INVESTING ACTIVITIES		
Interest received	62	342
Additions to property, plant and equipment	<u>(871)</u>	<u>-</u>
Net cash flow from investing activities	<u>(809)</u>	<u>1,536</u>
FINANCING ACTIVITIES		
Interest paid	(1,089)	(2,381)
Short term investments	78,766	9,414
Repayment of borrowings	<u>-</u>	<u>(2,921)</u>
Net cash flows used in financing activities	<u>77,677</u>	<u>4,112</u>
Net increase in cash and cash equivalents	(1,201)	395
Cash and cash equivalents at beginning of financial period	9,135	7,234
Cash and cash equivalents at end of financial period	<u><u>7,934</u></u>	<u><u>7,629</u></u>
Note :		
Cash and cash equivalents at the end of the financial period comprise of :		
Cash and bank balances	4,300	5,393
Fixed deposits with licence bank	5,820	4,187
Bank overdrafts	<u>(2,186)</u>	<u>(1,951)</u>
	<u><u>7,934</u></u>	<u><u>7,629</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial report.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 30 June 2015

(The figures have not been audited)

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 2015 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 2015.

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 March 2015.

(a) New FRS, Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted

The Group 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	1 January 2018
<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 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 8	Operating Segments	1 July 2014
FRS 10	Consolidated Financial Statements	1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interests in Other Entities	1 January 2016
FRS 13	Fair Value Measurement	1 July 2014
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 July 2014/1 Jan 2016
FRS 119	Employee Benefits	1 July 2014/1 Jan 2016
FRS 124	Related Party Disclosures	1 July 2014

NOTES TO CONDENSED FINANCIAL STATEMENTS

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

<u>Amendments/Improvements to FRSs</u>		Effective for financial periods beginning on or after
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	1 January 2016
FRS 138	Intangible Assets	1 July 2014/1 Jan 2016
FRS 140	Investment Property	1 July 2014

The Group recognises an intangible asset arising from a service concession as defined in IC Interpretation 12 in respect of the ongoing construction of the highway project. Income and expenses associated with the said construction are recognised based on the percentage of completion method. The estimated margin is based on relative comparison with general industry trend.

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 in the current financial quarter.

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 or equity securities in the current quarter.

A7. Dividend

No dividend has been paid in the current financial year.

A8. Segmental Results

Segmental results are included in Note B1.

A9. Material Subsequent Events

There were no material subsequent event for the current quarter under review.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 30 June 2015
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NOTES TO CONDENSED FINANCIAL STATEMENTS

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.

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>Current quarter</u>				<u>Cumulative quarters</u>			
	<u>30/6/2015</u>	<u>30/6/2014</u>	<u>Changes</u>		<u>30/6/2015</u>	<u>30/6/2014</u>	<u>Changes</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
<u>Segmental Revenue</u>								
Manufacturing and trading of industrial products	1,515	2,548	(1,033)	-41%	1,515	2,548	(1,033)	-41%
Toll concession - infrastructure development expenditure	162,433	-	162,433	N/A	162,433	-	162,433	N/A
Construction	-	70	(70)	-100%	-	70	(70)	-100%
Investment holding, management services and leasing	-	-	-	N/A	-	-	-	N/A
	<u>163,948</u>	<u>2,618</u>	<u>161,330</u>	<u>6162%</u>	<u>163,948</u>	<u>2,618</u>	<u>161,330</u>	<u>6162%</u>
<u>Profit/(loss) before tax</u>								
Manufacturing and trading of industrial products	313	313	-	0%	313	313	-	0%
Toll concession - infrastructure development expenditure	2,312	-	2,312	N/A	2,312	-	2,312	N/A
Construction	(3)	(21)	18	-86%	(3)	(21)	18	-86%
Investment holding, management services and leasing	9,496	40,713	(31,217)	-77%	9,496	40,713	(31,217)	-77%
	<u>12,118</u>	<u>41,005</u>	<u>(28,887)</u>	<u>-70%</u>	<u>12,118</u>	<u>41,005</u>	<u>(28,887)</u>	<u>-70%</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

B1. Review of Performance

(b) Overall Results Commentary:

For the quarter:

The Group recorded revenue of RM163.9 million in the current quarter compared to RM2.6 million in the preceding year quarter. The increase is largely due to the construction revenue recognised in the current quarter pursuant to IC Interpretation 12 (IC12) Service Concession Arrangements pertaining to the highway project.

The Group recorded a pretax profit of RM12.1 million in the current quarter compared to RM41.0 million in the preceding year quarter. The reversal of provision for impairment of RM36.69 million made on the Company's investment in an associate contributed to the higher pretax profit in the preceding year quarter.

B2. Comparison with Preceding Quarter's Results

The Group's revenue increased from RM16.3 million in the preceding quarter to RM163.9 million in the current quarter, attributed to the substantial increase in construction revenue recognized pursuant to IC Interpretation 12 Service Concession Arrangements pertaining to the highway project.

The Group recorded a pretax profit of RM12.1 million in the current quarter compared to a pre-tax loss of RM24.3 million in the preceding quarter due mainly to provision for impairment of investment in an associate and the impairment on property, plant and equipment made in the preceding quarter.

B3. Prospects

- (a) The West Coast Expressway (WCE) Project involves the development of a 233 kilometres 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. The total project cost is approximately RM5,900 million and revenue from sectional toll collections is expected to commence in 2018. The Construction Commencement Date was set on 25 August 2014 and will take five years to complete. Currently, the construction is on schedule.

On 30 June 2015, West Coast Expressway Sdn Bhd (WCESB) has entered into the following agreements in relation to the establishment of up to RM4.74 billion debt financing facilities for the WCE Project :

- (i) Government Support Loan Facility Agreement with the Government of Malaysia for a term loan facility of up to RM2.24 billion;
- (ii) Facility Agreement with RHB Investment Bank Berhad, RHB Bank Berhad and Malayan Banking Berhad for a syndicated term loan facility of up to RM1.5 billion;
- (iii) Guaranteed Sukuk Murabahah Programme Agreement with Bank Pembangunan Malaysia Berhad and RHB Investment Bank Berhad for an Islamic medium term notes programme of up to RM1.0 billion to be guaranteed by Bank Pembangunan Malaysia Berhad and Danajamin Nasional Berhad pursuant to a Kafalah facility.

The remaining cost of the WCE project will be funded via equity injection from WCESB's shareholders.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 30 June 2015
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NOTES TO CONDENSED FINANCIAL STATEMENTS

B3. Prospects (cont'd)

- (b) Bandar Rimbayu Sdn Bhd, a wholly-owned subsidiary of Radiant Pillar Sdn Bhd, is the developer of a township known as Bandar Rimbayu. As at end June 2015, Bandar Rimbayu has successfully launched five residential phases with the following take-up rates : 98% of Phase 1, 86% of Phase 2, 48% of Phase 3, 69% of Phase 4 and 29% of Phase 5.

Phase 1 comprising 526 units of terrace houses was handed over to purchasers whilst Phase 2 comprising 484 units of terrace house is scheduled to be completed slightly ahead of time and handed over to purchasers from August 2015 onwards.

Phase 6A comprising 48 units of shops is slotted for soft launch in August 2015 and sales are expected to be encouraging.

- (c) The Company is also participating in the construction of the WCE as the IJMC-KEB Joint Venture has been appointed as the Turnkey/Engineering and Procurement Contractor for the WCE highway project.

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

B4. Profit Forecast and Guarantee

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

B5. Taxation

	Current Year Quarter 30/6/2015 RM'000	Preceding Year Quarter 30/6/2014 RM'000
Income Tax		
current year	76	80
prior year	513	1,426
	<u>589</u>	<u>1,506</u>
Deferred Tax		
current year	386	-
Total	<u><u>975</u></u>	<u><u>1,506</u></u>

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

B6. Status of Corporate Proposals

- (a) On 17 October 2014, the Company entered into a conditional share sale agreement (“SSA”) with Tan Sri Dato’ (Dr) Ir Chan Ah Chye @ Chan Chong Yoon (“TSCAC”) for the disposal of 900,000,000 shares in the associate Talam Transform Berhad (“TTB”), at a cash consideration of approximately RM99.0 million. This SSA is subject to the approvals of the shareholders of the Company and the relevant authorities.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 30 June 2015

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B6. Status of Corporate Proposals (cont'd)

- (a) Further to the above and in view of the valuation exercise which resulted in an adjusted net asset per share of TTB being 20% lower than its audited asset per share as at 31 January 2014 of RM0.14, TSCAC intends to renegotiate certain terms of the SSA including, but not limited to, the purchase price, payment mechanism and completion date. Subject to the outcome of such negotiations and approval by the Company's Board of Directors, the Company may thereafter enter into a supplemental agreement with TSCAC to give effect to the modifications (where applicable).
- (b) The status of the utilisation of the RM464.12 million raised from the Rights Issue with Warrants completed on 03 September 2015 is as follows:-

	Proposed utilisation	Utilisation as at 30 June 2015	Balance as at 30 June 2015	Intended timeframe for utilisation
	RM'000	RM'000	RM'000	RM'000
- Injection as equity, convertible and/ or subordinated advances into WCESB	357,000	(47,100) ^	309,900	Within 12 months
- Repayment of bank borrowings	92,035	(92,035)	-	Completed
- Working capital and contingencies	8,088	(5,799)	2,289	Within 12 months
- Defray Rights Issue expenses	7,000	(4,779)	2,221 *	
	<u>464,123</u>	<u>(149,713)</u>	<u>314,410</u>	

^ As the capital injection into WCE is not due, the Company has utilized approximately RM27.1 million from the amount allocated for such purpose to repay the bank borrowings of the Company to avoid incurring unnecessary interest cost in the interim.

* This excess amount will be utilized as working capital

B7. Group Borrowings and Debt Securities

The Group's borrowings which are denominated in Ringgit Malaysia as at 30 June 2015 are as follows:

	RM'000
Short term borrowings	
- secured	25,463
- unsecured	-
Total borrowings	<u>25,463</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.

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 30 June 2015
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NOTES TO CONDENSED FINANCIAL STATEMENTS

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 as follows :

	Current Year Quarter 30/6/2015	Preceding Year Quarter 30/6/2014
Profit attributable to owners of the company (RM'000)	<u>10,717</u>	<u>39,335</u>
Weighted average number of ordinary shares ('000)	<u>1,002,736</u>	<u>572,992</u>
Basic earnings per share (sen)	<u>1.07</u>	<u>6.86</u>

Diluted

The diluted earnings per share, assuming full conversion of the warrants, is equal to the basic earnings per share as the outstanding warrants are anti-dilutive due to the average market price of ordinary shares during the period being below the exercise price of the warrants.

B12. Realised and Unrealised Losses

	As at 30 June 2015 RM'000
Total accumulated losses of the Group	
- Realised	(472,057)
- Unrealised	<u>9,734</u>
	<u>(462,323)</u>

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 30 June 2015
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NOTES TO CONDENSED FINANCIAL STATEMENTS

B13. Audit Report

The auditors' report of the financial statements for the year ended 31 March 2015 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 17 August 2015.

By order of the Board

Raw Koon Beng
Company Secretary