

KUMPULAN EUROPLUS BERHAD (534368-A)
Interim financial report for the quarter ended 31 December 2015
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/12/2015 RM'000	PRECEDING YEAR QUARTER 31/12/2014 RM'000	CURRENT FINANCIAL YEAR 31/12/2015 RM'000	PRECEDING FINANCIAL YEAR 31/12/2014 RM'000
Continuing Operations				
Revenue	149,876	1,759	374,001	7,042
Cost of sales	(148,275)	(1,640)	(369,909)	(6,087)
Gross profit	1,601	119	4,092	955
Other income (N1)	(2,328)	4,290	12,237	50,018
Operating expenses (N2)	(1,378)	(5,062)	(5,128)	(11,045)
Finance cost	(24)	(1,004)	(1,155)	(5,416)
Share of results of associates	960	16,667	16,936	29,970
Profit before tax	(1,169)	15,010	26,982	64,482
Taxation	(277)	(245)	(1,310)	(1,765)
Profit for the period	(1,446)	14,765	25,672	62,717
Share of other comprehensive profit	-	-	-	-
Total comprehensive profit	(1,446)	14,765	25,672	62,717
Profit for the period attributable to:				
Owners of the Company	(896)	14,722	25,015	62,401
Non-Controlling Interests	(550)	43	657	316
	(1,446)	14,765	25,672	62,717
Total comprehensive profit attributable to:				
Owners of the Company	(896)	14,722	25,015	62,401
Non-Controlling Interests	(550)	43	657	316
	(1,446)	14,765	25,672	62,717
Earnings per share attributable to Owners of the Company :				
- Basic (sen)	(0.09)	1.47	2.49	8.20
- Diluted (sen)	(0.09)	1.47	2.49	8.20

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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
31/12/2015	31/12/2014	31/12/2015	31/12/2014
RM'000	RM'000	RM'000	RM'000

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

N1) Other Income includes

- Interest Income	35	185	179	919
- Reversal of Interest Income *	(3,708)	-	-	-
- Distribution Income	1,048	4,038	4,263	7,327
- Fair value gain on unit trust investments	285	-	2,207	-
- Reversal of provision for impairment on investment in associate	-	-	5,561	41,683
- Others	12	67	27	89
	<u>(2,328)</u>	<u>4,290</u>	<u>12,237</u>	<u>50,018</u>

* In the preceding quarter, interest income earned from placement of borrowed funds in excess of utilisation was recognised in the income statement. With effect from the current quarter, this interest income is now set off against infrastructure development expenditure. This change in accounting treatment has resulted in this reversal of interest income in the current quarter.

N2) Included in Operating Expenses

- Fair value loss on unit trust investments	-	(105)	-	(1,473)
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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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	31/12/2015	31/3/2015
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	10,611	10,092
Goodwill on consolidation	5,369	5,369
Other intangible asset		
- infrastructure development expenditure	525,818	155,732
Investment in associates	67,129	50,193
Total Non-Current Assets	608,927	221,386
Current Assets		
Inventories	2,339	2,133
Trade and other receivables	74,175	43,781
Other investments	108,439	398,254
Deposits placed with licenced banks	1,310,060	3,803
Cash and bank balances	9,575	7,471
	1,504,588	455,442
Associate classified as asset held for sale	84,066	78,505
Total Current Assets	1,588,654	533,947
TOTAL ASSETS	2,197,581	755,333
EQUITY AND LIABILITIES		
Share capital	1,002,736	1,002,736
Reserves	(354,640)	(379,655)
Attributable to Owners of the Company	648,096	623,081
Non-controlling interests	42,755	42,098
Total Equity	690,851	665,179
Non-Current Liabilities		
Loans and borrowings	1,113,638	-
Deferred taxation	1,110	232
Total Non-Current Liabilities	1,114,748	232
Current Liabilities		
Trade and other payables	385,290	83,042
Loans and borrowings	6,570	6,416
Tax payables	122	464
Total Current Liabilities	391,982	89,922
TOTAL LIABILITIES	1,506,730	90,154
EQUITY AND LIABILITIES	2,197,581	755,333
Net assets per share attributable to Owners of the Company (RM)	0.6463	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	-	-	-	-	25,015	25,015	657	25,672
Balance as at 31 Dec 2015	<u>1,002,736</u>	<u>42,345</u>	<u>(529)</u>	<u>51,569</u>	<u>(448,025)</u>	<u>648,096</u>	<u>42,755</u>	<u>690,851</u>
Preceding financial year								
Balance as at 1 April 2014	572,992	42,345	870	-	(489,509)	126,698	41,592	168,290
Rights issue with warrants	429,744	-	-	51,569	(17,190)	464,123	-	464,123
Total comprehensive income	-	-	-	-	62,401	62,401	316	62,717
Balance as at 31 Dec 2014	<u>1,002,736</u>	<u>42,345</u>	<u>870</u>	<u>51,569</u>	<u>(444,298)</u>	<u>653,222</u>	<u>41,908</u>	<u>695,130</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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 31/12/2015 RM'000	9 months ended 31/12/2014 RM'000
OPERATING ACTIVITIES:		
Profit before taxation:	26,981	64,481
Adjustment for :		
Share of results of associates	(16,936)	(29,970)
Depreciation of property, plant and equipment	77	181
Reversal of impairment on an associate	(5,561)	(41,683)
Loss on disposal of investment in associate	-	2,517
Interest income	(179)	(919)
Interest expense	1,155	5,416
Operating cash flows before changes in working capital	<u>5,537</u>	<u>23</u>
Changes in Working Capital:		
Inventories	(17)	(439)
Receivables	(33,312)	(39)
Payables	210,114	2,111
Balances with customers for contract works	-	(7)
Associate balances	814	771
Net cash flows from operations	<u>183,136</u>	<u>2,420</u>
Income tax paid	<u>(1,188)</u>	<u>(2,279)</u>
Net cash flows from operating activities	<u>181,948</u>	<u>141</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(cont'd)

	9 months ended 31/12/2015 RM'000	9 months ended 31/12/2014 RM'000
INVESTING ACTIVITIES		
Disposal of investment in associates	-	21,586
Interest received	179	919
Additions to property, plant and equipment	(1,018)	(173)
Infrastructure development expenditure	<u>(369,853)</u>	<u>(5,284)</u>
Net cash flow (used in)/from investing activities	<u>(370,692)</u>	<u>17,048</u>
FINANCING ACTIVITIES		
Interest paid	(1,155)	(5,416)
Short term investments	289,815	(379,608)
Proceeds from rights issue	-	464,123
Proceeds from/(repayment of) borrowings	1,272,184	(97,025)
Transaction costs of debt issuance paid	<u>(63,893)</u>	<u>-</u>
Net cash flows from/(used in) financing activities	<u>1,496,951</u>	<u>(17,926)</u>
Net change in cash and cash equivalents	1,308,207	(737)
Cash and cash equivalents at beginning of financial period	9,135	7,234
Cash and cash equivalents at end of financial period	<u><u>1,317,342</u></u>	<u><u>6,497</u></u>
Note :		
Cash and cash equivalents at the end of the financial period comprise of :		
Cash and bank balances	9,575	6,586
Fixed deposits with licence bank	1,310,060	2,000
Bank overdrafts	<u>(2,293)</u>	<u>(2,089)</u>
	<u><u>1,317,342</u></u>	<u><u>6,497</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.

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)

		Effective for financial periods beginning on or after
	<u>Amendments/Improvements to FRSs</u>	
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.

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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

	Current quarter				Cumulative quarters			
	31/12/2015	31/12/2014	Changes		31/12/2015	31/12/2014	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<u>Segmental Revenue</u>								
Manufacturing and trading of industrial products	1,442	1,759	(317)	-18%	4,261	6,593	(2,332)	-35%
Toll concession - infrastructure development expenditure	148,434	-	148,434	N/A	369,740	-	369,740	N/A
Construction	-	-	-	N/A	-	449	(449)	-100%
Investment holding, management services and leasing	-	-	-	N/A	-	-	-	N/A
	149,876	1,759	148,117	8421%	374,001	7,042	366,959	5211%
<u>Profit/(loss) before tax</u>								
Manufacturing and trading of industrial products	3	(86)	89	-103%	(51)	279	(330)	-118%
Toll concession - infrastructure development expenditure	1,241	-	1,241	N/A	3,382	-	3,382	N/A
Construction	-	(2)	2	-100%	(3)	(18)	15	-83%
Investment holding, management services, leasing and other income	(2,413)	15,098	(17,511)	-116%	23,654	64,221	(40,567)	-63%
	(1,169)	15,010	(16,179)	-108%	26,982	64,482	(37,500)	-58%

NOTES TO CONDENSED FINANCIAL STATEMENTS

B1. Review of Performance

(b) Overall Results Commentary:

For the quarter:

The Group recorded revenue of RM149.9 million in the current quarter compared to RM1.8 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 loss of RM1.2 million in the current quarter compared to RM15.0 million in the preceding year quarter due mainly the reversal of the interest income earned on placement of borrowed funds in excess of borrowings and lower share of results in associates in the current quarter.

B2. Comparison with Preceding Quarter's Results

The Group recorded revenue of RM149.9 million in the current quarter compared to RM60.2million in the preceding quarter, attributed to the to the higher construction revenue recognised pursuant to IC Interpretation 12 Service Concession Arrangements.

The Group recorded a pretax loss of RM1.2 million in the current quarter compared to RM16.0 million in the preceding quarter due mainly the reversal of the interest income earned on placement of borrowed funds in excess of borrowings, lower share of results in associates in the current quarter as well as the reversal of provision for impairment on investment in associate 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 ongoing.

(b) The property market is expected to remain soft due to the weak consumer sentiment coupled with stringent mortgage approval regulations.

Given the challenging market conditions, Bandar Rimbayu's financial performance is expected to be weaker for the current financial year.

(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.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

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 31/12/2015 RM'000	Preceding Year Quarter 31/12/2014 RM'000	Current Year To-date 31/12/2015 RM'000	Preceding Year To-date 31/12/2014 RM'000
Income Tax				
Current year	(76)	-	-	94
Prior year	-	245	432	1,671
	<u>(76)</u>	<u>245</u>	<u>432</u>	<u>1,765</u>
Deferred Tax				
Current year	353	-	878	-
Total	<u>277</u>	<u>245</u>	<u>1,310</u>	<u>1,765</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 (“Sale Share”) 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.

Further to the above, as provided in the SSA, 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.

On 28 August 2015, the Company entered into a supplemental agreement to the SSA with TSCAC to amend and vary certain provisions in SSA which entails, amongst others, the proposed disposal of the Sale Share in two separate tranches as follows:

- (a) 500,000,000 TTB Shares at the price of RM0.085 per TTB Share, to be completed within 30 days after the Unconditional Date or such other extension of time or later date the parties may agree in writing; and
- (b) 400,000,000 TTB Shares at the price RM0.095 per TTB Share, to be completed within 18 months after the Unconditional Date or such other extension of time or later date the parties may agree in writing.

Unconditional Date is defined as the date expiring 14 months from the date of the SSA and includes such other extension of time as may be agreed between the parties in writing.

At an Extraordinary General Meeting (“EGM”) held on 26 January 2016, shareholders of the Company duly passed the resolution to approve the disposal of the abovementioned shares in accordance with the conditions spelt out in the supplemental agreement to the SSA entered into on 28 August 2015.

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B6. Status of Corporate Proposals (cont'd)

(b) The status of the utilisation of the RM464.12 million raised from the Rights Issue with Warrants completed on 03 September 2014 is as follows:-

	Proposed utilisation	Utilisation as at 31 Dec 2015	Balance as at 31 Dec 2015	Intended timeframe for utilisation from 31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
- Injection as equity, convertible and/ or subordinated advances into WCESB	357,000	(247,100) ^	109,900	Within 12 months
- Repayment of bank borrowings	92,035	(92,035)	-	Completed
- Working capital and contingencies	8,088	(6,500)	1,588	
- Defray Rights Issue expenses	7,000	(4,779)	2,221 *	
	<u>464,123</u>	<u>(350,414)</u>	<u>113,709</u>	

^ As the capital injection into WCE is not due, the Company has utilised 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 utilised as working capital

B7. Group Borrowings and Debt Securities

The Group's borrowings which are denominated in Ringgit Malaysia as at 31 Dec 2015 are as follows:

	RM'000
- secured	1,120,208
- unsecured	-
Total borrowings	<u>1,120,208</u>

Included in borrowings (secured) above is Sukuk Murabahah, recognised at fair value net of transaction costs incurred, as follows :

	RM'000
- proceeds from issuance	1,000,000
- transactions costs	(63,893)
	<u>936,107</u>

During the current financial quarter, the Group received a loan from the Malaysian government at an interest rate lower than the prevailing market rate. Using the prevailing market rate, the loan amount is adjusted to its fair value and the difference treated as deferred income.

B8. Off Balance Sheet Risk Financial Instruments

The Group did not contract for any financial instruments with off balance sheet risk as at the date of this announcement.

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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 as follows :

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 31/12/2015	Preceding Year Quarter 31/12/2014	Current Financial Year 31/12/2015	Preceding Financial Year 31/12/2014
Profit attributable to owners of the company (RM'000)	2,070	14,722	25,015	62,401
Weighted average number of ordinary shares ('000)	1,002,736	705,221	1,002,736	639,106
Basic earnings per share (sen)	0.21	2.09	2.49	9.76

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 31 Dec 2015 RM'000
Total accumulated losses of the Group	
- Realised	(457,267)
- Unrealised	9,242
	<u>(448,025)</u>

B13. Audit Report

The auditors' report of the financial statements for the year ended 31 March 2015 was not subject to any qualification.

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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 February 2016.

By order of the Board

Raw Koon Beng
Company Secretary