

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.12 RM'000	Preceding Year Corresponding Quarter 30.06.11 RM'000	Current Year To Date 30.06.12 RM'000	Preceding Year Corresponding Period 30.06.11 RM'000
<b>Continuing Operations:</b>				
Revenue	29,367	24,588	47,707	47,732
Cost of sales	(21,605)	(20,117)	(37,514)	(39,121)
Gross Profit	<u>7,762</u>	<u>4,471</u>	<u>10,193</u>	<u>8,611</u>
Other Income	216	92	322	183
Operating expenses	(5,796)	(5,573)	(10,923)	(10,966)
Finance costs	(623)	(472)	(1,195)	(899)
<b>Profit/(Loss) before taxation</b>	<u>1,559</u>	<u>(1,482)</u>	<u>(1,603)</u>	<u>(3,071)</u>
Taxation	(25)	478	17	498
<b>Profit/(Loss) for the period</b>	<u>1,534</u>	<u>(1,004)</u>	<u>(1,586)</u>	<u>(2,573)</u>
Other Comprehensive Income ("OCI")	-	-	-	-
<b>Total Comprehensive Profit/(Loss) for the period, attributable to Equity holders of the Company</b>	<u>1,534</u>	<u>(1,004)</u>	<u>(1,586)</u>	<u>(2,573)</u>
<b>Earnings/(Loss) per share</b>				
- Earnings/(Loss) per share (sen)	<u>1.89</u>	<u>(1.24)</u>	<u>(1.96)</u>	<u>(3.18)</u>

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012**

(The figures have not been audited)

	(Unaudited) As At End of Current Period 30.06.12 RM'000	(Audited) As At End of Preceding Financial Year 31.12.11 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	65,873	65,071
Land held for development	8,250	7,984
Deferred taxation	2,969	2,914
	<u>77,092</u>	<u>75,969</u>
<b>Current assets</b>		
Inventories	15,577	15,743
Trade receivables	26,063	33,364
Other receivables, deposits and prepayments	1,570	1,222
Tax recoverable	1,191	1,238
Forward exchange contracts	-	38
Fixed deposit	245	242
Short term funds	117	116
Cash and bank balances	7,640	3,601
	<u>52,403</u>	<u>55,564</u>
<b>TOTAL ASSETS</b>	<u><u>129,495</u></u>	<u><u>131,533</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	40,500	40,500
Reserves	24,332	25,918
<b>Shareholders' equity</b>	<u><u>64,832</u></u>	<u><u>66,418</u></u>
<b>Non-current liabilities</b>		
Term loans	15,303	15,584
Hire purchase payables	3,116	2,126
	<u>18,419</u>	<u>17,710</u>
<b>Current liabilities</b>		
Trade payables	15,414	16,671
Other payables and accruals	9,205	7,851
Amount due to directors	28	37
Hire purchase payables	2,146	1,948
Short term borrowings	19,310	20,535
Forward exchange contracts	10	-
Provision for taxation	131	363
	<u>46,244</u>	<u>47,405</u>
<b>Total liabilities</b>	<u><u>64,663</u></u>	<u><u>65,115</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>129,495</u></u>	<u><u>131,533</u></u>
Net Assets Per Share (RM)	0.80	0.82

Notes:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**  
(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012**  
(The figures have not been audited)

	<---Attributable to Equity Holders of the Company--->			Total Equity RM'000
	Share Capital RM'000	<u>Non-distributable</u> Share Premium RM'000	<u>Distributable</u> Retained Earnings RM'000	
	<b>At 1 January 2012</b>	40,500	3,844	
Total comprehensive loss for the period	-	-	(1,586)	(1,586)
<b>At 30 June 2012</b>	<u>40,500</u>	<u>3,844</u>	<u>20,488</u>	<u>64,832</u>
<b>At 1 January 2011</b>	40,500	3,844	21,949	66,293
Total comprehensive loss for the period	-	-	(2,573)	(2,573)
<b>At 30 June 2011</b>	<u>40,500</u>	<u>3,844</u>	<u>19,376</u>	<u>63,720</u>

Notes:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

(The figures have not been audited)

	Current Year Period ended 30.06.12 RM'000	Preceding Year Period ended 30.06.11 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,603)	(3,071)
Non-cash items	2,582	2,646
Non-operating items	1,079	818
Operating profit before working capital changes	<u>2,058</u>	<u>393</u>
Inventories	167	(1,755)
Trade and other receivables	7,105	(357)
Trade and other payables	(224)	13,060
Cash generated from operations	<u>9,106</u>	<u>11,341</u>
Land held for development	(266)	-
Tax paid	(290)	(390)
Tax refund	68	94
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>8,618</u>	<u>11,045</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,109)	(1,135)
Interest received	6	6
Proceeds from disposal of property, plant and equipment	-	91
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(1,103)</u>	<u>(1,038)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(5)
Drawdown of term loan	554	-
Fixed deposit pledged	(3)	(3)
Interest paid	(1,062)	(766)
Repayment of hire purchase payables	(1,091)	(968)
Repayment of term loans	(819)	(897)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(2,421)</u>	<u>(2,639)</u>
Net increase in cash and cash equivalents	5,094	7,368
Cash and cash equivalents at beginning of the year	(6,282)	(2,041)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*</b>	<u>(1,188)</u>	<u>5,327</u>

\*Cash and cash equivalents at the end of the financial period comprised the following:

Bank overdrafts	(8,945)	(2,180)
Cash and bank balances	7,640	7,393
Fixed deposit	245	239
Short term funds	117	114
	<u>(943)</u>	<u>5,566</u>
Less: Fixed deposit pledged to a bank for credit facilities	(245)	(239)
	<u>(1,188)</u>	<u>5,327</u>

Notes:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**  
(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2012**

**A1. Basis of preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Paragraph 9.22 of the Main Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting. The condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Company and its subsidiary companies (hereinafter referred to as the "Group") prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The 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 financial year ended 31 December 2012. The condensed consolidated interim financial statements and notes thereon however do not include all of the information required for a full set of financial statements prepared in accordance with MFRSs and should be read in conjunction with the annual consolidated financial statements of the Company for the financial year ended 31 December 2011.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the interim financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with MFRS Framework will be determined when the process is complete.

**A2. Significant Accounting Policies**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies, methods of computation and basis of consolidation applied in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the annual audited financial statements of the Group for the financial year ended 31 December 2011, except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2012.

**A3. Auditors' Report**

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not qualified.

**A4. Seasonal and Cyclical Factors**

Sales have been historically higher in the second half of the year than the first due to increase in projects during that period.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and period ended 30 June 2012.

**A6. Material Changes in Estimates of Amounts Reported**

There were no material changes in accounting estimates that have a material effect in the current quarter results.

**A7. Changes in Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities for the current quarter and period ended 30 June 2012.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2012**

**A8. Dividends Paid**

No dividends were paid by the Company in the current quarter and period ended 30 June 2012.

**A9. Segmental Reporting**

For the financial period ended 30 June 2012, the Group's financial information is analysed by operating segments as follows:

*Financial period ended 30 June 2012:*

	<b>Manufacturing</b>	<b>Property</b>	<b>Investment</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>Holding</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>RM'000</b>		
<b>Revenue</b>					
Local	14,677	-	-	-	14,677
Exports	33,030	-	-	-	33,030
	<u>47,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,707</u>
<b>Results</b>					
Segment Results	92	(136)	(364)	-	(408)
Finance costs	(1,187)	-	(8)	-	(1,195)
Loss before taxation	(1,095)	(136)	(372)	-	(1,603)
Taxation	17	-	-	-	17
Loss after taxation	<u>(1,078)</u>	<u>(136)</u>	<u>(372)</u>	<u>-</u>	<u>(1,586)</u>
<b>Net Assets as at 30 June 2012</b>	<u>43,203</u>	<u>221</u>	<u>45,923</u>	<u>(24,515)</u>	<u>64,832</u>

*Financial period ended 30 June 2011:*

	<b>Manufacturing</b>	<b>Property</b>	<b>Investment</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>Holding</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>RM'000</b>		
<b>Revenue</b>					
Local	24,053	-	-	-	24,053
Exports	23,679	-	-	-	23,679
	<u>47,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,732</u>
<b>Results</b>					
Segment Results	(1,783)	(9)	(380)	-	(2,172)
Finance costs	(888)	-	(11)	-	(899)
Loss before taxation	(2,671)	(9)	(391)	-	(3,071)
Taxation	(498)	-	-	-	(498)
Loss after taxation	<u>(2,173)</u>	<u>(9)</u>	<u>(391)</u>	<u>-</u>	<u>(2,573)</u>
<b>Net Assets as at 30 June 2011</b>	<u>42,529</u>	<u>(8)</u>	<u>45,147</u>	<u>(23,948)</u>	<u>63,720</u>

The corresponding period's segment analysis had been represented to conform with current period's presentation.

**A10. Material Events Subsequent to the End of the Quarter**

There were no material events between the end of the quarter and the date of this report that have not been reflected in the financial statements for the period.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial period under review.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2012****A12. Contingent Liabilities and Contingent Assets**

The Group has no material contingent liabilities and contingent assets since the quarter and financial period ended 30 June 2012 to 22 August 2012, being a date not earlier than 7 days from the date of this report, save for the following :

	<b>As at</b>
	<b>22.08.12</b>
	<b>RM'000</b>
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>81,896</u>

**A13. Capital Commitments**

	<b>As at</b>
	<b>30.06.12</b>
	<b>RM'000</b>
Property, plant and machinery	
Contracted but not provided for	<u>499</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2012

PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

	Current Quarter ended 30.06.12 RM'Million	Preceding Year Corresponding Quarter ended 30.06.11 RM'Million	Current Year Period ended 30.06.12 RM'Million	Preceding Year Period ended 30.06.11 RM'Million
Revenue	29.4	24.6	47.7	47.7
Profit/(Loss) before taxation	1.6	(1.5)	(1.6)	(3.1)

The Group recorded a higher revenue of RM29.4 million (2011: RM24.6 million) in the current quarter. However, revenue for the 6 month period was similar to the preceding year's corresponding period at RM47.7 million.

Although the same level of revenue was achieved for both periods, the Group managed to narrow down its losses from RM3.1 million to RM1.6 million in the current year. Better margin projects and favourable foreign exchange rates had contributed to better operational results. The Group also achieved higher effectiveness with its various measures to increase productivity and improve cost efficiency.

The Group's property division is currently making the necessary preparation and application to the relevant authorities for its development project.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.06.12 RM'Million	Preceding Quarter ended 30.06.11 RM'Million
Revenue	29.4	18.3
Profit/(Loss) before taxation	1.6	(3.1)

The Group managed to record a profit before taxation of RM1.6 million on the back of higher turnover of RM29.4 million, as compared to a loss before taxation of RM3.2 million, with only a turnover of RM18.3 million in the previous quarter. More overseas projects were carried out and completed during the quarter although sales in the local market remained soft. The Group's margin also improved as a result of economies of scale due to higher production volume output and better pricing projects.

B3. Profit/(Loss) for the Quarter/Period

Profit/(Loss) for the quarter/period is arrived at after charging/(crediting) :-

	Current Year Quarter ended 30.06.12 RM'000	Preceding Year Corresponding Quarter ended 30.06.11 RM'000	Current Year Period ended 30.06.12 RM'000	Preceding Year Period ended 30.06.11 RM'000
Interest Income	(3)	(3)	(6)	(6)
Other income including investment income	(12)	4	(23)	(23)
Interest expense	545	429	1,062	766
Depreciation & amortisation	1,301	1,357	2,563	2,530
Foreign exchange (gain)/loss	(247)	(69)	(251)	46
Loss on derivatives	50	8	48	5



**NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2012**

**B4. Current Year Prospects**

On the whole, the global economic condition remains uncertain. Orders had however improved in the second quarter, with more activities to kick-start projects after a very quiet start in the beginning of the year.

Demand for the Group's products is expected to remain good in the few months ahead. Barring any unforeseen circumstances and sustainable demand, the Group is hopeful to deliver positive financial results in the current financial year.

**B5. Variance of Actual and Forecast Profit**

Not applicable as there is no profit forecast or profit guarantee issued.

**B6. Corporate Proposal**

There were no corporate proposals announced but not completed as at 22 August 2012, being a date not earlier than 7 days from the date of this report.

**B7. Taxation**

	Current Year Quarter ended 30.06.12 RM'000	Preceding Year Corresponding Quarter ended 30.06.11 RM'000	Current Year Period ended 30.06.12 RM'000	Preceding Year Period ended 30.06.11 RM'000
Current taxation				
-current year	29	(12)	29	185
-prior year	10	(108)	9	(108)
	<u>39</u>	<u>(120)</u>	<u>38</u>	<u>77</u>
Deferred taxation				
-current	6	(563)	(35)	(780)
-prior year	(20)	205	(20)	205
	<u>(14)</u>	<u>(358)</u>	<u>(55)</u>	<u>(575)</u>
Total	<u>25</u>	<u>(478)</u>	<u>(17)</u>	<u>(498)</u>

The effective tax rate for the year ended 30 June 2012 was higher than the statutory income tax rate primarily due to non allowable expenses and non-recognition of deferred tax assets for certain subsidiaries.

**B8. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 June 2012 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<b><u>Secured</u></b>			
Overdrafts	8,945	-	8,945
Bills payables	8,665	-	8,665
Term loans	1,700	15,303	17,003
Hire purchase payables	2,146	3,116	5,262
	<u>21,456</u>	<u>18,419</u>	<u>39,875</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

**B9. Realised/Unrealised profits**

	As at 30.06.12 RM'000	As at 30.06.11 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	37,533	36,215
- unrealised	3,056	3,195
	<u>40,589</u>	<u>39,410</u>
Less: Consolidation adjustments	(20,101)	(20,034)
Total retained earnings as per consolidated accounts	<u>20,488</u>	<u>19,376</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2012**

**B10. Derivative Financial Instruments**

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD and SGD. Financial derivatives are recognised on their respective contract dates.

Details of the outstanding derivative financial instruments of the Group as at 30 June 2012 are as follows:

<u>Type of instruments</u>	<b>Contract/Notional Amount RM'000</b>	<b>Value as at 30 June 2012 RM'000</b>	<b>Fair Value Loss RM'000</b>
Foreign currency forward contracts - Less than 1 year	4,756	4,766	(10)

The currency forward contracts are transacted with the Group's bankers. Credit risk for non-performance by the counterparties in these instruments is low.

**B11. Material Litigation**

The Group does not have any material litigation as at the date of this report.

**B12. Dividend**

No dividend has been proposed or declared for the financial period ended 30 June 2012 (30 June 2011: Nil).

**B13. Earnings/(Loss) Per Share**

The earnings/(loss) per share for the quarter and period ended 30 June 2012 is computed as follows:-

	<b>Current Year Quarter ended 30.06.12</b>	<b>Preceding Year Corresponding Quarter ended 30.06.11</b>	<b>Current Year Period ended 30.06.12</b>	<b>Preceding Year Period ended 30.06.11</b>
Profit/(Loss) for the period, attributable to ordinary shareholders of the Company (RM'000)	1,534	(1,004)	(1,586)	(2,573)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings/(Loss) Per Share (sen)	1.89	(1.24)	(1.96)	(3.18)

There is no diluted earnings/(loss) per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 30 June 2012.

By order of the Board  
**EURO HOLDINGS BERHAD**

Tai Keat Chai

Company Secretary  
(MIA 1688)

Date: 29 August 2012