

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.12 RM'000	Preceding Year Corresponding Quarter 31.12.11 RM'000	Current Year To Date 31.12.12 RM'000	Preceding Year Corresponding Period 30.12.11 RM'000
Continuing Operations:				
Revenue	27,667	30,060	103,172	107,076
Cost of sales	(19,362)	(22,508)	(76,597)	(83,469)
Gross Profit	<u>8,305</u>	<u>7,552</u>	<u>26,575</u>	<u>23,607</u>
Other Income	154	30	514	445
Operating expenses	(5,889)	(4,603)	(22,593)	(20,988)
Finance costs	(605)	(963)	(2,397)	(2,339)
Profit before taxation	<u>1,965</u>	<u>2,016</u>	<u>2,099</u>	<u>725</u>
Taxation	(26)	(355)	(628)	(600)
Profit for the period	<u>1,939</u>	<u>1,661</u>	<u>1,471</u>	<u>125</u>
Other Comprehensive Income ("OCI")	-	-	-	-
Total Comprehensive Profit for the period, attributable to Equity holders of the Company	<u>1,939</u>	<u>1,661</u>	<u>1,471</u>	<u>125</u>
Earnings per share				
- Earnings per share (sen)	<u>2.39</u>	<u>2.05</u>	<u>1.82</u>	<u>0.15</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 31 DECEMBER 2012

(The figures have not been audited)

	(Unaudited) As At End of Current Financial Year 31.12.12 RM'000	(Audited) As At End of Preceding Financial Year 31.12.11 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	64,511	65,071
Land held for development	8,514	7,984
Deferred taxation	2,350	2,914
	<u>75,375</u>	<u>75,969</u>
Current assets		
Inventories	15,810	15,743
Trade receivables	30,392	33,364
Other receivables, deposits and prepayments	1,456	1,222
Tax recoverable	1,380	1,238
Forward exchange contracts	34	38
Fixed deposit	749	242
Short term funds	119	116
Cash and bank balances	3,744	3,601
	<u>53,684</u>	<u>55,564</u>
TOTAL ASSETS	<u><u>129,059</u></u>	<u><u>131,533</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	40,500	40,500
Reserves	27,389	25,918
Shareholders' equity	<u><u>67,889</u></u>	<u><u>66,418</u></u>
Non-current liabilities		
Term loans	14,402	15,584
Hire purchase payables	3,181	2,126
	<u>17,583</u>	<u>17,710</u>
Current liabilities		
Trade payables	13,644	16,671
Other payables and accruals	5,899	7,851
Amount due to directors	35	37
Hire purchase payables	1,788	1,948
Short term borrowings	22,156	20,535
Provision for taxation	65	363
	<u>43,587</u>	<u>47,405</u>
Total liabilities	<u><u>61,170</u></u>	<u><u>65,115</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>129,059</u></u>	<u><u>131,533</u></u>
Net Assets Per Share (RM)	0.84	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 YEAR ENDED 31 DECEMBER 2012
(The figures have not been audited)

	<---Attributable to Equity Holders of the Company--->			Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	
	<u>Non-distributable</u>	<u>Distributable</u>		
At 1 January 2012	40,500	3,844	22,074	66,418
Total comprehensive profit for the year	-	-	1,471	1,471
At 31 December 2012	<u>40,500</u>	<u>3,844</u>	<u>23,545</u>	<u>67,889</u>
At 1 January 2011	40,500	3,844	21,949	66,293
Total comprehensive profit for the year	-	-	125	125
At 31 December 2011	<u>40,500</u>	<u>3,844</u>	<u>22,074</u>	<u>66,418</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 YEAR ENDED 31 DECEMBER 2012**

(The figures have not been audited)

	Current Year ended 31.12.12 RM'000	Preceding Year ended 31.12.11 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,099	725
Non-cash items	5,872	5,109
Non-operating items	2,107	2,032
Operating profit before working capital changes	<u>10,078</u>	<u>7,866</u>
Inventories	(67)	(489)
Trade and other receivables	1,995	(4,424)
Trade and other payables	(5,783)	8,141
Cash generated from operations	<u>6,223</u>	<u>11,094</u>
Land held for development	(530)	(7,984)
Tax paid	(689)	(732)
Tax refund	184	94
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>5,188</u>	<u>2,472</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,489)	(2,092)
Interest received	12	14
Proceeds from disposal of property, plant and equipment	58	257
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,419)</u>	<u>(1,821)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(5)
Drawdown of term loan	554	505
Fixed deposit pledged	(507)	(6)
Interest paid	(2,119)	(2,046)
Repayment of hire purchase payables	(2,285)	(1,871)
Repayment of term loans	(1,657)	(1,469)
NET CASH USED IN FINANCING ACTIVITIES	<u>(6,014)</u>	<u>(4,892)</u>
Net decrease in cash and cash equivalents	(2,245)	(4,241)
Cash and cash equivalents at beginning of the financial year	(6,282)	(2,041)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR*	<u>(8,527)</u>	<u>(6,282)</u>

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

Bank overdrafts	(12,390)	(9,999)
Cash and bank balances	3,744	3,601
Fixed deposits	749	242
Short term funds	119	116
	<u>(7,778)</u>	<u>(6,040)</u>
Less: Fixed deposits pledged to a bank for credit facilities	(749)	(242)
	<u>(8,527)</u>	<u>(6,282)</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 - FOURTH QUARTER ENDED 31 DECEMBER 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.

These interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for the period covered by the Group's first MFRS framework annual financial statements for the for the year ending 31 December 2012 and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The transition from FRS to MFRS does not have any significant impact on the financial statements of the Group and of the Company.

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.

The adoption of the MFRS and the application of the above standards, amendments and interpretations did not have any significant impact to the financial statements of the Group.

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 year ended 31 December 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 year 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 year ended 31 December 2012.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2012

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and year ended 31 December 2012.

A9. Segmental Reporting

For the financial year ended 31 December 2012, the Group's financial information is analysed by operating segments as follows:

Financial year ended 31 December 2012:

	Manufacturing	Property	Investment	Elimination	Total
	RM'000	RM'000	Holding	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Local	34,599	-	-	-	34,599
Exports	68,573	-	-	-	68,573
	<u>103,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,172</u>
Results					
Segment Results	5,442	(365)	419	(1,000)	4,496
Finance costs	(2,380)	(1)	(16)	-	(2,397)
Profit/Loss before taxation	3,062	(366)	403	(1,000)	2,099
Taxation	(710)	-	(168)	250	(628)
Profit/(Loss) after taxation	<u>2,352</u>	<u>(366)</u>	<u>235</u>	<u>(750)</u>	<u>1,471</u>
Net Assets as at 31 December 2012	<u>45,909</u>	<u>(10)</u>	<u>46,531</u>	<u>(24,541)</u>	<u>67,889</u>

Financial year ended 31 December 2011:

	Manufacturing	Property	Investment	Elimination	Total
	RM'000	RM'000	Holding	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Local	47,822	-	-	-	47,822
Exports	59,254	-	-	-	59,254
	<u>107,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,076</u>
Results					
Segment Results	3,825	(143)	982	(1,600)	3,064
Finance costs	(2,318)	-	(21)	-	(2,339)
Loss before taxation	1,507	(143)	961	(1,600)	725
Taxation	(796)	-	(204)	400	(600)
Loss after taxation	<u>711</u>	<u>(143)</u>	<u>757</u>	<u>(1,200)</u>	<u>125</u>
Net Assets as at 31 December 2011	<u>44,279</u>	<u>357</u>	<u>46,295</u>	<u>(24,513)</u>	<u>66,418</u>

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

A10. Material Events Subsequent to the End of the Year

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

A11. Changes in the Composition of the Group

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

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2012**A12. Contingent Liabilities and Contingent Assets**

The Group has no material contingent liabilities and contingent assets since the financial year ended 31 December 2012 to 21 February 2013, being a date not earlier than 7 days from the date of this report, save for the following :

	As at 21.02.13 RM'000
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>84,896</u>

A13. Capital Commitments

	As at 31.12.12 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>2</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.12 RM'Million	Preceding Year Corresponding Quarter ended 31.12.11 RM'Million	Current Year ended 31.12.12 RM'Million	Preceding Year ended 31.12.11 RM'Million
Revenue	27.7	30.0	103.2	107.0
Profit before taxation	2.0	2.0	2.1	0.7

The Group recorded a revenue of RM27.7 million (2011: RM30.0 million) in the last quarter of the year. Revenue for the whole year was RM103.2 million, which saw a decline of RM3.8 million or 3.6% as compared to the preceding year's revenue of RM107.0 million.

On the whole, demand from certain overseas market expanded especially in Asia and Middle East. However, the Group faced market contraction in its local projects especially in the first half of the year, but showing signs of improvement in subsequent quarters.

The Group managed to improve its financial performance by achieving a profit before taxation of RM2.1 million (2011: RM0.7 million) with a better profit margin recorded. Concerted efforts were taken to enhance production efficiency and to streamline its overall operations. In addition the Group's venture into the steel storage products two years ago, and its committed efforts in building its brand name and market penetration had shown some positive results in 2012. Some new overseas buyers were secured, and the Group also completed a major local project with its supply of steel storage products. The significant increase in the sales volume of steel storage products resulted in better utilisation of resources/capacity that helped to improve gross profit margin of this product line.

The Group's property division is still awaiting the necessary approvals from the relevant authorities for its development project.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.12.12 RM'Million	Preceding Quarter ended 30.09.12 RM'Million
Revenue	27.7	27.8
Profit before taxation	2.0	1.7

The Group recorded a higher profit before taxation of RM2.0 million from a turnover of RM27.7 million against a profit before taxation of RM1.7 million on the back of a turnover of RM27.8 million in the previous quarter. The Group continued to record improvement in project margin in the current quarter with improved cost and production efficiency. A provision for doubtful debts amounting to RM0.6 million was made in the current quarter which was partially offset by the forex exchange gain.

B3. Profit for the Quarter/Year

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

	Current Year Quarter ended 31.12.12 RM'000	Preceding Year Corresponding Quarter ended 31.12.11 RM'000	Current Year ended 31.12.12 RM'000	Preceding Year ended 31.12.11 RM'000
Interest Income	(3)	(4)	(12)	(15)
Other income including investment income	(6)	5	(26)	(109)
Interest expense	534	884	2,119	2,047
Depreciation & amortisation	1,325	1,297	5,178	5,125
Provision for and write off of receivables	614	50	741	50
Provision for and write off of inventories	205	-	205	-
Foreign exchange (gain)/loss	(231)	(27)	(393)	(321)
(Gain)/ Loss on derivatives	49	(137)	4	12

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2012

B4. Next Year Prospects

Demand is expected to remain sluggish in the first half of 2013 with the continued uncertainty in the world economy. However, there were emerging signs of improvements in the global economy that suggested further stabilisation in growth performance in Asia and some indicators of recovery of the US market.

Against the above-mentioned economic outlook, the Group expects 2013 to be no less challenging than the previous year. The Group will continue its efforts in innovating and developing its product portfolio to enhance its product offerings. At the same time, the Group will adopt further cost control strategies to contain rising operational costs. With the continued measures taken by the Group, we hope to remain profitable despite the challenges ahead.

In addition, the Group hopes to obtain the necessary approvals for its development project in 2013. This project will then further contribute to the Group's financial performance.

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 21 February 2013, being a date not earlier than 7 days from the date of this report.

B7. Taxation

	Current Year Quarter ended 31.12.12 RM'000	Preceding Year Corresponding Quarter ended 31.12.11 RM'000	Current Year ended 31.12.12 RM'000	Preceding Year ended 31.12.11 RM'000
Current taxation				
-current year	(75)	(131)	55	938
-prior year	-	-	9	(108)
	<u>(75)</u>	<u>(131)</u>	<u>64</u>	<u>830</u>
Deferred taxation				
-current	75	567	563	(354)
-prior year	26	(81)	1	124
	<u>101</u>	<u>486</u>	<u>564</u>	<u>(230)</u>
Total	<u>26</u>	<u>355</u>	<u>628</u>	<u>600</u>

The effective tax rate for the year ended 31 December 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 31 December 2012 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	12,390	-	12,390
Bills payables	8,004	-	8,004
Term loans	1,762	14,402	16,164
Hire purchase payables	1,788	3,181	4,969
	<u>23,944</u>	<u>17,583</u>	<u>41,527</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2012

B9. Realised/Unrealised profits

	As at 31.12.12 RM'000	As at 31.12.11 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	41,147	39,187
- unrealised	2,528	2,985
	<hr/> 43,675	<hr/> 42,172
Less: Consolidation adjustments	(20,130)	(20,098)
Total retained earnings as per consolidated accounts	<hr/> <hr/> 23,545	<hr/> <hr/> 22,074

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 31 December 2012 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 31 December 2012 RM'000	Fair Value Gain RM'000
Foreign currency forward contracts			
- Less than 1 year	3,558	3,524	34

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 year ended 31 December 2012 (31 December 2011: Nil).

B13. Earnings Per Share

The earnings per share for the quarter and year ended 31 December 2012 is computed as follows:-

	Current Year Quarter ended 31.12.12	Preceding Year Corresponding Quarter ended 31.12.11	Current Year ended 31.12.12	Preceding Year ended 31.12.11
Profit for the quarter/year, attributable to ordinary shareholders of the Company (RM'000)	1,939	1,661	1,471	125
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings Per Share (sen)	2.39	2.05	1.82	0.15

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial year ended 31 December 2012.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 28 February 2013