

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.13 RM'000	Preceding Year Corresponding Quarter 31.03.12 RM'000	Current Year To Date 31.03.13 RM'000	Preceding Year Corresponding Period 31.03.12 RM'000
Continuing Operations:				
Revenue	24,171	18,340	24,171	18,340
Cost of sales	(17,919)	(15,909)	(17,919)	(15,909)
Gross profit	<u>6,252</u>	<u>2,431</u>	<u>6,252</u>	<u>2,431</u>
Other income	254	106	254	106
Operating expenses	(5,675)	(5,127)	(5,675)	(5,127)
Finance costs	(564)	(572)	(564)	(572)
Profit before taxation	<u>267</u>	<u>(3,162)</u>	<u>267</u>	<u>(3,162)</u>
Taxation	(59)	42	(59)	42
Profit/(Loss) for the period	<u>208</u>	<u>(3,120)</u>	<u>208</u>	<u>(3,120)</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income/(loss) for the period	<u><u>208</u></u>	<u><u>(3,120)</u></u>	<u><u>208</u></u>	<u><u>(3,120)</u></u>
Attributable to:				
Owners of the Company	184	(3,120)	184	(3,120)
Non-controlling interest	24	-	24	-
	<u>208</u>	<u>(3,120)</u>	<u>208</u>	<u>(3,120)</u>
Earnings per share				
- Earnings per share (sen)	<u>0.23</u>	<u>(3.85)</u>	<u>0.23</u>	<u>(3.85)</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 2012 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 MARCH 2013

(The figures have not been audited)

	(Unaudited) As At End of Current Period Year 31.03.13 RM'000	(Audited) As At End of Preceding Financial Year 31.12.12 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	63,409	64,511
Land held for development	8,685	8,514
Deferred taxation	2,592	2,351
	<u>74,686</u>	<u>75,376</u>
Current assets		
Inventories	17,620	15,810
Trade receivables	26,533	30,391
Other receivables, deposits and prepayments	2,241	1,457
Tax recoverable	1,173	1,381
Forward exchange contracts	63	34
Fixed deposit	751	748
Short term funds	119	118
Cash and bank balances	6,013	3,744
	<u>54,513</u>	<u>53,683</u>
TOTAL ASSETS	<u>129,199</u>	<u>129,059</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	40,500	40,500
Share Premium	3,844	3,844
Retained Earnings	23,831	23,546
Non-controlling interest	3	-
Total equity	<u>68,178</u>	<u>67,890</u>
Non-current liabilities		
Term loans	13,939	14,402
Hire purchase payables	2,875	3,114
	<u>16,814</u>	<u>17,516</u>
Current liabilities		
Trade payables	14,639	13,643
Other payables and accruals	8,359	5,899
Amount due to directors	25	35
Hire purchase payables	1,587	1,855
Short term borrowings	19,532	22,156
Provision for taxation	65	65
	<u>44,207</u>	<u>43,653</u>
Total liabilities	<u>61,021</u>	<u>61,169</u>
TOTAL EQUITY AND LIABILITIES	<u>129,199</u>	<u>129,059</u>
Net Assets Per Share (RM)	0.84	0.84

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 2012 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 FIRST QUARTER ENDED 31 MARCH 2013
(The figures have not been audited)

	/-----Attributable to Equity Holders of the Company-----/						
	/---Non-distributable---/			Distributable		Non- Controlling Interest	Total Equity
	Share Capital	Share Premium	Retained Earnings	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2013	40,500	3,844	23,546	67,890	-	67,890	
Total comprehensive income for the period	-	-	184	184	24	208	
Changes in ownership interest in a subsidiary	-	-	101	101	(21)	80	
At 31 March 2013	<u>40,500</u>	<u>3,844</u>	<u>23,831</u>	<u>68,175</u>	<u>3</u>	<u>68,178</u>	
At 1 January 2012	40,500	3,844	22,074	66,418	-	66,418	
Total comprehensive loss for the period	-	-	(3,120)	(3,120)	-	(3,120)	
At 31 March 2012	<u>40,500</u>	<u>3,844</u>	<u>18,954</u>	<u>63,298</u>	<u>-</u>	<u>63,298</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 2012 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 31 MARCH 2013**

(The figures have not been audited)

	Current Year Period ended 31.03.13 RM'000	Preceding Year Period ended 31.03.12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	267	(3,162)
Non-cash items	1,299	1,334
Non-operating items	439	527
Operating profit/(loss) before working capital changes	<u>2,005</u>	<u>(1,301)</u>
Inventories	(1,810)	(487)
Trade and other receivables	3,028	7,980
Trade and other payables	3,252	(1,855)
Cash generated from operations	<u>6,475</u>	<u>4,337</u>
Land held for development	(171)	(149)
Tax paid	(93)	(156)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>6,211</u>	<u>4,032</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(128)	(169)
Interest received	2	3
Proceeds from disposal of property, plant and equipment	108	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(18)</u>	<u>(166)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	- ##	554
Fixed deposit pledged	(3)	(3)
Interest paid	(489)	(517)
Proceeds from issuance of shares to non-controlling interest	80	-
Repayment of hire purchase payables	(618)	(487)
Repayment of term loans	(433)	(402)
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,463)</u>	<u>(855)</u>
Net increase in cash and cash equivalents	4,730	3,011
Cash and cash equivalents at beginning of the financial period	(8,527)	(6,282)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>(3,797)</u>	<u>(3,271)</u>

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

Bank overdrafts	(9,929)	(8,480)
Cash and bank balances	6,013	5,093
Fixed deposits	751	748
Short term funds	119	116
	<u>(3,046)</u>	<u>(2,523)</u>
Less: Fixed deposits pledged to a bank for credit facilities	(751)	(748)
	<u>(3,797)</u>	<u>(3,271)</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 2012 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2013

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.

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 2012.

A2. Significant Accounting Policies

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 2012, except for the adoption of the MFRSs, amendments and interpretations which are effective from the annual period beginning 1 January 2013.

The adoption of the MFRSs, 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 2012 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 31 March 2013.

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 31 March 2013.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2013

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 31 March 2013.

A9. Segmental Reporting

For the financial year ended 31 March 2013, the Group's financial information is analysed by operating segments as follows:

Financial period ended 31 March 2013:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	11,109	-	-	-	11,109
Exports	13,061	-	-	-	13,061
	<u>24,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,170</u>
Results					
Segment Results	1,082	(103)	(118)	(30)	831
Finance costs	(578)	-	(3)	17	(564)
Profit/Loss before taxation	504	(103)	(121)	(13)	267
Taxation	(59)	-	-	-	(59)
Profit/(Loss) after taxation	<u>445</u>	<u>(103)</u>	<u>(121)</u>	<u>(13)</u>	<u>208</u>
Net Assets as at 31 March 2013	<u>46,437</u>	<u>(113)</u>	<u>46,409</u>	<u>(24,555)</u>	<u>68,178</u>

Financial period ended 31 March 2012:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	6,430	-	-	-	6,430
Exports	11,910	-	-	-	11,910
	<u>18,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,340</u>
Results					
Segment Results	(2,408)	(46)	(136)	-	(2,590)
Finance costs	(568)	-	(4)	-	(572)
Loss before taxation	(2,976)	(46)	(140)	-	(3,162)
Taxation	33	9	-	-	42
Loss after taxation	<u>(2,943)</u>	<u>(37)</u>	<u>(140)</u>	<u>-</u>	<u>(3,120)</u>
Net Assets as at 31 March 2012	<u>41,313</u>	<u>320</u>	<u>46,155</u>	<u>(24,490)</u>	<u>63,298</u>

A10. Material Events Subsequent to the End of the Year

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, except for the following:

On 1 March 2013, Eurosteel System Sdn Bhd ("Eurosteel"), a subsidiary incorporated in Malaysia, increased its issued and paid up share capital to 330,000 ordinary shares of RM1 each by way of an allotment of 80,000 new ordinary shares of RM1 each to a third party. As a result of this allotment, the Group's effective equity interest in Eurosteel has been diluted from 100% to 75.76%

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2013

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 May 2013, being a date not earlier than 7 days from the date of this report, save for the following :

	As at 21.05.13 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 31.03.13 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>49</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2013

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

B1. Review of Performance

	Current Quarter ended 31.03.13 RM'Million	Preceding Year Corresponding Quarter ended 31.03.12 RM'Million	Current Year Period ended 31.03.13 RM'Million	Preceding Year Period ended 31.03.12 RM'Million
Revenue	24.2	18.3	24.2	18.3
Profit before taxation	0.3	(3.2)	0.3	(3.2)

The Group recorded a revenue of RM24.2 million for the current quarter, an increase of RM5.9 million from the previous year's corresponding quarter of RM18.3 million. Local sales improved encouragingly by RM4.6 million with the completion of some key projects during the quarter. However, the Group saw a decline in its overseas sales as a result of a soft external demand, coupled with stiff competition from regional suppliers.

With higher sales achieved at RM24.2 million, the Group managed to record a profit before taxation of RM0.3 million as compared to a loss of RM3.2 million in the corresponding quarter of 2012. On the whole, an improved gross profit margin on the back of a reasonable sales volume and satisfactory selling price led to better financial performance of the Group. However, higher operating expenses were noted in the current quarter, in tandem with higher sales and increased promotional activities undertaken by the Group.

The Group's property division is still in the process of obtaining and awaiting the necessary approvals from the relevant authorities for its debut development project in Mukim Cheras, Kuala Lumpur.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.03.13 RM'Million	Preceding Quarter ended 31.12.12 RM'Million
Revenue	24.2	27.7
Profit before taxation	0.3	2.0

On the whole, overseas project market was generally quiet with continued uncertainty in the major economies. This had resulted in the decline of our overseas sales. However, the decline in export sales were compensated slightly with increased level of activities in the domestic market. Local sales were recorded at RM11.1 million, improved by 13% as compared to the previous quarter. The Group supplied products to certain corporations that went ahead with their refurbishment and expansion plans in the current quarter.

B3. Profit for the Quarter/Period

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

	Current Year Quarter ended 31.03.13 RM'000	Preceding Year Corresponding Quarter ended 31.03.12 RM'000	Current Year Period ended 31.03.13 RM'000	Preceding Year Period ended 31.03.12 RM'000
Interest Income	(2)	(3)	(2)	(3)
Other income including investment income	67	(85)	(67)	(85)
Interest expense	489	517	489	517
Depreciation & amortisation	1,299	1,262	1,299	1,262
Foreign exchange gain	(107)	(4)	(107)	(4)
Gain on derivatives	(29)	(2)	(29)	(2)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2013

B4. Current Year Prospects

After starting the year flat, the global economy is expected to pick up gradually in the later months of 2013 as business climate improves. Generally, the Group will continue to focus on the Asia's developing countries, with resilient domestic consumption and pro-active government's initiatives to accelerate economic growth.

Against the uncertain economic outlook, the Group expects yet another challenging year ahead. Besides the issue on sustainable demand, it is increasingly important for the Group to contain rising operation expenses, especially with the implementation of the minimum wage in Malaysia. Continuous efforts will be made to adjust and align with times operationally, administratively and strategically.

In respect of its property arm, the Group hopes to obtain the necessary approvals from the relevant authorities for the debut of its development project in 2013. This project is expected to contribute positively to the Group's financial performance in time to come.

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

B7. Taxation

	Current Year Quarter ended 31.03.13 RM'000	Preceding Year Corresponding Quarter ended 31.03.12 RM'000	Current Year ended 31.03.13 RM'000	Preceding Year ended 31.03.12 RM'000
Current taxation				
-current year	300	-	300	-
-prior year	-	(1)	-	(1)
	<u>300</u>	<u>(1)</u>	<u>300</u>	<u>(1)</u>
Deferred taxation				
-current	(241)	(41)	(241)	(41)
Total	<u>59</u>	<u>(42)</u>	<u>59</u>	<u>(42)</u>

The effective tax rate for the quarter ended 31 March 2013 was lower than the statutory income tax rate primarily due to utilisation of deferred tax assets of certain subsidiaries which were not recognised in previous year.

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2013 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	9,929	-	9,929
Bills payables	7,811	-	7,811
Term loans	1,792	13,939	15,731
Hire purchase payables	1,587	2,875	4,462
	<u>21,119</u>	<u>16,814</u>	<u>37,933</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 31.03.13 RM'000	As at 31.03.12 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	41,185	36,062
- unrealised	2,713	2,968
	<u>43,898</u>	<u>39,030</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2013

Less: Consolidation adjustments	(20,067)	(20,076)
Total retained earnings as per consolidated accounts	<u>23,831</u>	<u>18,954</u>

B10. Derivative Financial Instruments

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

Details of the outstanding derivative financial instruments of the Group as at 31 March 2013 are as follows:

<u>Type of instruments</u>	<u>Contract/Notional Amount RM'000</u>	<u>Value as at 31 March 2013 RM'000</u>	<u>Fair Value Gain RM'000</u>
Foreign currency forward contracts - Less than 1 year	<u>4,667</u>	<u>4,604</u>	<u>63</u>

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 31 March 2013 (31 March 2012: Nil).

B13. Earnings Per Share

The earnings per share for the quarter ended 31 March 2013 is computed as follows:-

	<u>Current Year Quarter ended 31.03.13</u>	<u>Preceding Year Corresponding Quarter ended 31.03.12</u>	<u>Current Year Period ended 31.03.13</u>	<u>Preceding Year Period ended 31.03.12</u>
Profit for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	<u>184</u>	<u>(3,120)</u>	<u>184</u>	<u>(3,120)</u>
Weighted average number of shares of RM0.50 each in issue ('000)	<u>81,000</u>	<u>81,000</u>	<u>81,000</u>	<u>81,000</u>
Earnings Per Share (sen)	<u>0.23</u>	<u>(3.85)</u>	<u>0.23</u>	<u>(3.85)</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 March 2013.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 28 May 2013