

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.13 RM'000	Preceding Year Corresponding Quarter 31.12.12 RM'000	Current Year ended 31.12.13 RM'000	Preceding Year ended 31.12.12 RM'000
Continuing Operations:				
Revenue	26,842	27,667	97,215	103,172
Cost of sales	(20,165)	(19,396)	(74,118)	(76,631)
Gross profit	6,677	8,271	23,097	26,541
Other income	247	151	1,095	511
Operating expenses	(5,017)	(5,851)	(21,981)	(22,555)
Finance costs	(550)	(605)	(2,184)	(2,397)
Profit before taxation	1,357	1,966	27	2,100
Taxation	(1,245)	(26)	(1,573)	(628)
Profit/(Loss) for the period	112	1,940	(1,546)	1,472
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income/(loss) for the period	112	1,940	(1,546)	1,472
Attributable to:				
Owners of the Company	94	-	(1,709)	-
Non-controlling interest	18	-	163	-
	112	-	(1,546)	-
Earnings per share				
- Earnings per share (sen)	0.12	2.40	(2.11)	1.82

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 DECEMBER 2013

(The figures have not been audited)

	(Unaudited) As At End of Current Financial Year 31.12.13 RM'000	(Audited) As At End of Preceding Financial Year 31.12.12 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	63,305	64,511
Land held for development	9,043	8,514
Deferred taxation	1,191	2,351
	<u>73,539</u>	<u>75,376</u>
Current assets		
Inventories	15,324	15,810
Trade receivables	29,262	30,391
Other receivables, deposits and prepayments	1,369	1,457
Tax recoverable	649	1,381
Forward exchange contracts	-	34
Fixed deposit	754	748
Short term funds	122	118
Cash and bank balances	2,556	3,744
	<u>50,036</u>	<u>53,683</u>
TOTAL ASSETS	<u><u>123,575</u></u>	<u><u>129,059</u></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	21,938	23,546
Non-controlling interest	142	-
Total equity	<u>66,424</u>	<u>67,890</u>
Non-current liabilities		
Term loans	12,504	14,402
Hire purchase payables	3,741	3,114
	<u>16,245</u>	<u>17,516</u>
Current liabilities		
Trade payables	12,989	13,643
Other payables and accruals	6,181	5,899
Amount due to directors	10	35
Hire purchase payables	1,760	1,855
Short term borrowings	19,896	22,156
Provision for taxation	-	65
Forward exchange contracts	70	-
	<u>40,906</u>	<u>43,653</u>
Total liabilities	<u>57,151</u>	<u>61,169</u>
TOTAL EQUITY AND LIABILITIES	<u><u>123,575</u></u>	<u><u>129,059</u></u>
Net Assets Per Share (RM)	0.82	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 YEAR ENDED 31 DECEMBER 2013
(The figures have not been audited)**

	/--Attributable to Equity Holders of the Company--/ /--Non-distributable--/ Distributable					Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	
At 1 January 2013	40,500	3,844	23,546	67,890	-	67,890
Total comprehensive (loss)/income for the year	-	-	(1,709)	(1,709)	163	(1,546)
Changes in ownership interest in a subsidiary	-	-	101	101	(21)	80
At 31 December 2013	<u>40,500</u>	<u>3,844</u>	<u>21,938</u>	<u>66,282</u>	<u>142</u>	<u>66,424</u>
At 1 January 2012	40,500	3,844	22,074	66,418	-	66,418
Total comprehensive income for the year	-	-	1,472	1,472	-	1,472
At 31 December 2012	<u>40,500</u>	<u>3,844</u>	<u>23,546</u>	<u>67,890</u>	<u>-</u>	<u>67,890</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 YEAR ENDED 31 DECEMBER 2013**

(The figures have not been audited)

	Current Year ended 31.12.13 RM'000	Preceding Year ended 31.12.12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27	2,100
Non-cash items	5,146	6,466
Non-operating items	1,920	2,093
Operating profit before working capital changes	<u>7,093</u>	<u>10,659</u>
Inventories	486	(67)
Trade and other receivables	1,311	1,403
Trade and other payables	(2,197)	(5,783)
Cash generated from operations	<u>6,693</u>	<u>6,212</u>
Land held for development	(528)	(530)
Tax paid	(596)	(690)
Tax refund	849	184
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u><u>6,418</u></u>	<u><u>5,176</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,995)	(1,490)
Interest received	11	26
Proceeds from disposal of property, plant and equipment	686	58
NET CASH USED IN INVESTING ACTIVITIES	<u><u>(1,298)</u></u>	<u><u>(1,406)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	- ##	554
Fixed deposit pledged	(6)	(506)
Interest paid	(1,931)	(2,119)
Proceeds from issuance of shares to non-controlling interest	80	-
Repayment of hire purchase payables	(1,994)	(2,287)
Repayment of term loans	(1,775)	(1,658)
NET CASH USED IN FINANCING ACTIVITIES	<u><u>(5,626)</u></u>	<u><u>(6,016)</u></u>
Net decrease in cash and cash equivalents	(506)	(2,246)
Cash and cash equivalents at beginning of the financial year	(8,528)	(6,282)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR*	<u><u>(9,034)</u></u>	<u><u>(8,528)</u></u>

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

Cash and bank balances	2,556	3,744
Short term funds	122	118
Fixed deposits	754	748
Bank overdrafts	(11,712)	(12,390)
	<u>(8,280)</u>	<u>(7,780)</u>
Less: Fixed deposits pledged to a bank for credit facilities	(754)	(748)
	<u><u>(9,034)</u></u>	<u><u>(8,528)</u></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 - FOURTH QUARTER ENDED 31 DECEMBER 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 2013. 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. However, due to the weak global market sentiment, sales had remained flat in the second half of 2013.

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 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 and 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 2013.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2013

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and year ended 31 December 2013.

A9. Segmental Reporting

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

Financial year ended 31 December 2013:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	42,992	-	2,336	(2,336)	42,992
Exports	54,223	-	-	-	54,223
	<u>97,215</u>	<u>-</u>	<u>2,336</u>	<u>(2,336)</u>	<u>97,215</u>
Results					
Segment Results	3,259	(437)	1,725	(2,336)	2,211
Finance costs	(2,173)	-	(11)	-	(2,184)
Profit/(Loss) before taxation	1,086	(437)	1,714	(2,336)	27
Taxation	(1,664)	-	(493)	584	(1,573)
Profit/(Loss) after taxation	<u>(578)</u>	<u>(437)</u>	<u>1,221</u>	<u>(1,752)</u>	<u>(1,546)</u>
Net Assets/(Liabilities) as at 31 December 2013	<u>43,597</u>	<u>(446)</u>	<u>47,752</u>	<u>(24,479)</u>	<u>66,424</u>

Financial year ended 31 December 2012:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	34,599	-	1,000	(1,000)	34,599
Exports	68,573	-	-	-	68,573
	<u>103,172</u>	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>	<u>103,172</u>
Results					
Segment Results	5,443	(365)	419	(1,000)	4,497
Finance costs	(2,380)	(1)	(16)	-	(2,397)
Profit/(Loss) before taxation	3,063	(366)	403	(1,000)	2,100
Taxation	(710)	-	(168)	250	(628)
Profit/(Loss) after taxation	<u>2,353</u>	<u>(366)</u>	<u>235</u>	<u>(750)</u>	<u>1,472</u>
Net Assets/(Liabilities) as at 31 December 2012	<u>45,910</u>	<u>(10)</u>	<u>46,531</u>	<u>(24,541)</u>	<u>67,890</u>

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, 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 - FOURTH QUARTER ENDED 31 DECEMBER 2013

A12. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the financial period ended 31 December 2013 to 20 February 2014, being a date not earlier than 7 days from the date of this report, save for the following :

	As at 20.02.14 RM'000
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>85,763</u>

A13. Capital Commitments

	As at 31.12.13 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>89</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.13 RM'Million	Preceding Year Corresponding Quarter ended 31.12.12 RM'Million	Current Year ended 31.12.13 RM'Million	Preceding Year ended 31.12.12 RM'Million
Revenue	26.8	27.7	97.2	103.2
Profit before taxation	1.3	2.0	-	2.1

The Group recorded a revenue of RM26.8 million for the current quarter. This was 3.3% or RM0.9 million lower than the previous year's corresponding quarter. Notably, export sales declined due to unfavourable market conditions in the Asian markets we exported to.

Current quarter's margin was lower attributable to lower margin projects, coupled with higher labour and production cost.

Low sales in the second and third quarter of 2013 had resulted in the Group registering a cumulative revenue of only RM97.2 million which was an overall decline of 5.8% from the preceding year. The reduction in revenue and lower margin due to higher labour cost had affected the profit margin of the Group. Last year's margin was also comparatively higher due to the supply of an overseas high value project with very favourable margin.

The Group's property division had delayed the launching of its debut project as it is awaiting its appeal to the relevant authorities to improve on certain conditions imposed on the project.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.12.13 RM'Million	Preceding Quarter ended 30.09.13 RM'Million
Revenue	26.8	22.1
Profit before taxation	1.3	(0.9)

The current quarter saw an improved turnover of RM26.8 million, which was RM4.7 million higher than the preceding quarter. The Group secured and supplied to a few projects in the domestic market. With much improved demand that increased its capacity utilisation and efficiency, the Group recorded a profit before taxation of RM1.3 million.

B3. Profit/Loss for the Quarter/Year

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

	Current Year Quarter ended 31.12.13 RM'000	Preceding Year Corresponding Quarter ended 31.12.12 RM'000	Current Year ended 31.12.13 RM'000	Preceding Year ended 31.12.12 RM'000
Interest Income	(3)	(3)	(11)	(12)
Other income including investment income	(136)	(6)	(308)	(26)
Interest expense	491	534	1,931	2,119
Depreciation & amortisation	1,349	1,325	5,316	5,178
Provision for and write off of receivables	196	614	196	741
Foreign exchange gain	(121)	(231)	(749)	(393)
Loss on derivatives	23	49	104	4

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2013

B4. Next Year Prospects

Demand for the first quarter of 2014 is expected to remain encouraging. The Board is hopeful that the global demand will be sustainable and continue to improve in the second half of the year.

However, the Group is bracing itself for another tough year ahead with the implementation of minimum wages for foreign workers and rising operation costs i.e. electrical tariff, petrol, sub-contract wages and raw material costs. The Group will endeavour to contain the increase in operation cost with further cost cutting measures, enhancing production and operation controls and efficiency. Review on selling price will also be carried out when necessary.

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 20 February 2014, being a date not earlier than 7 days from the date of this report.

B7. Taxation

	Current Year Quarter ended 31.12.13 RM'000	Preceding Year Corresponding Quarter ended 31.12.12 RM'000	Current Year ended 31.12.13 RM'000	Preceding Year ended 31.12.12 RM'000
Taxation				
-current year	261	(74)	694	56
-prior year	(244)	-	(280)	9
	17	(74)	414	65
Deferred taxation				
-current	1,229	68	1,197	556
-prior year	(1)	32	(38)	7
	1,228	100	1,159	563
Total	1,245	26	1,573	628

The effective tax rate for the quarter ended 31 December 2013 was higher than the statutory income tax rate primarily due to the de-recognition of deferred tax assets of certain subsidiaries, amounting to RM1.2 million. The Group had revised downward the deferred tax asset of the subsidiaries to the extent that its reversal is likely to realise in the foreseeable future.

B8. Group Borrowings and Debt Securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	11,712	-	11,712
Bills payables	6,298	-	6,298
Term loans	1,886	12,504	14,390
Hire purchase payables	1,760	3,741	5,501
	21,656	16,245	37,901

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 31.12.13 RM'000	As at 31.12.12 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	40,770	41,151
- unrealised	1,346	2,521
	42,116	43,672
Less: Consolidation adjustments	(20,178)	(20,126)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2013

Total retained earnings as per consolidated accounts

21,938

23,546

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2013

B10. Derivative Financial Instruments

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD, EURO, GBP 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 2013 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 31 December 2013 RM'000	Fair Value Loss RM'000
Foreign currency forward contracts - Less than 1 year	6,709	6,779	(70)

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 2013 (31 December 2012: Nil).

B13. Earnings Per Share

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

	Current Year Quarter ended 31.12.13	Preceding Year Corresponding Quarter ended 31.12.12	Current Year ended 31.12.13	Preceding Year ended 31.12.12
(Loss)/Profit for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	94	1,940	(1,709)	1,472
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings Per Share (sen)	0.12	2.40	(2.11)	1.82

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 2013.

By order of the Board
EURO HOLDINGS BERHAD

Lim Hooi Chin

Company Secretary
(MAICSA 7025949)

Date: 27 February 2014