

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.14	Preceding Year Corresponding Quarter 31.03.13 RM'000	Current Year To Date 31.03.14 RM'000	Preceding Year Corresponding Period 31.03.13 RM'000
Continuing Operations:				
Revenue	30,308	24,171	30,308	24,171
Cost of sales	(22,420)	(17,919)	(22,420)	(17,919)
	<u>7,888</u>	<u>6,252</u>	<u>7,888</u>	<u>6,252</u>
Other income	322	254	322	254
Operating expenses	(6,206)	(5,675)	(6,206)	(5,675)
Finance costs	(606)	(564)	(606)	(564)
Profit before taxation	<u>1,398</u>	<u>267</u>	<u>1,398</u>	<u>267</u>
Taxation	(303)	(59)	(303)	(59)
Profit for the period	<u>1,095</u>	<u>208</u>	<u>1,095</u>	<u>208</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income for the period	<u><u>1,095</u></u>	<u><u>208</u></u>	<u><u>1,095</u></u>	<u><u>208</u></u>
Attributable to:				
Owners of the Company	1,072	184	1,072	184
Non-controlling interest	23	24	23	24
	<u>1,095</u>	<u>208</u>	<u>1,095</u>	<u>208</u>
Earnings per share				
- Earnings per share (sen)	<u>1.32</u>	<u>0.23</u>	<u>1.32</u>	<u>0.23</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 2013 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 2014

(The figures have not been audited)

	(Unaudited) As At End of Current Period 31.03.14 RM'000	(Audited) As At End of Preceding Financial Year 31.12.13 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	62,940	63,343
Land held for development	9,043	9,043
Deferred taxation	1,180	1,192
	<u>73,163</u>	<u>73,578</u>
Current assets		
Inventories	15,393	15,324
Trade receivables	29,572	29,263
Other receivables, deposits and prepayments	1,749	1,444
Tax recoverable	555	738
Forward exchange contracts	65	-
Fixed deposit	772	754
Short term funds	122	122
Cash and bank balances	4,404	2,716
	<u>52,632</u>	<u>50,361</u>
TOTAL ASSETS	<u>125,795</u>	<u>123,939</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	23,088	22,016
Non-controlling interest	164	141
Total equity	<u>67,596</u>	<u>66,501</u>
Non-current liabilities		
Term loans	12,009	12,504
Hire purchase payables	3,538	3,732
	<u>15,547</u>	<u>16,236</u>
Current liabilities		
Trade payables	14,346	12,989
Other payables and accruals	7,455	6,212
Amount due to director	10	-
Bank overdrafts	9,042	11,872
Bills payable	8,178	6,298
Hire purchase payables	1,703	1,769
Short term borrowings	1,918	1,886
Provision for taxation	-	106
Forward exchange contracts	-	70
	<u>42,652</u>	<u>41,202</u>
Total liabilities	<u>58,199</u>	<u>57,438</u>
TOTAL EQUITY AND LIABILITIES	<u>125,795</u>	<u>123,939</u>
Net Assets Per Share (RM)	0.83	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 2013 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 2014
(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 2014	40,500	3,844	22,016	66,360	141	66,501
Total comprehensive income for the period	-	-	1,072	1,072	23	1,095
At 31 March 2014	<u>40,500</u>	<u>3,844</u>	<u>23,088</u>	<u>67,432</u>	<u>164</u>	<u>67,596</u>
At 1 January 2013	40,500	3,844	23,546	67,890	-	67,890
Total comprehensive income for the period	-	-	184	184	24	208
Transaction with owners:						
Movement in 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>

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 2013 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 2014**

(The figures have not been audited)

	Current Year Period ended 31.03.14 RM'000	Preceding Year Period ended 31.03.13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,398	267
Non-cash items	1,310	1,299
Non-operating items	284	439
Operating profit before working capital changes	<u>2,992</u>	<u>2,005</u>
Inventories	(69)	(1,810)
Trade and other receivables	(555)	3,028
Trade and other payables	4,426	3,252
Cash generated from operations	<u>6,794</u>	<u>6,475</u>
Land held for development	-	(171)
Tax paid	<u>(213)</u>	<u>(93)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u><u>6,581</u></u>	<u><u>6,211</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(715)	(128)
Interest received	28	2
Proceeds from disposal of property, plant and equipment	-	108
NET CASH USED IN INVESTING ACTIVITIES	<u>(687)</u>	<u>(18)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposit pledged	(18)	(3)
Interest paid	(443)	(489)
Proceeds from issuance of shares to non-controlling interest	-	80
Repayment of hire purchase payables	(452)	(618)
Repayment of term loans	(463)	(433)
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,376)</u>	<u>(1,463)</u>
Net increase in cash and cash equivalents	4,518	4,730
Cash and cash equivalents at beginning of the financial period	(9,034)	(8,527)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u><u>(4,516)</u></u>	<u><u>(3,797)</u></u>

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

Bank overdrafts	(9,042)	(9,929)
Cash and bank balances	4,404	6,013
Fixed deposits	772	751
Short term funds	122	119
	<u>(3,744)</u>	<u>(3,046)</u>
Less: Fixed deposits pledged to a bank for credit facilities	<u>(772)</u>	<u>(751)</u>
	<u><u>(4,516)</u></u>	<u><u>(3,797)</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 2013 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 2014

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 2013.

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 2013, except for the adoption of the MFRSs, amendments and interpretations which are effective from the annual period beginning 1 January 2014.

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 2013 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 2014.

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 under review and financial period to date.

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 ended 31 March 2014.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2014

A8. Dividends Paid

No dividends were paid by the Company in the current quarter ended 31 March 2014.

A9. Segmental Reporting

For the financial year ended 31 March 2014, the Group's financial information is analysed by operating segments as follows:

Financial period ended 31 March 2014:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	11,171	-	-	-	11,171
Exports	19,137	-	-	-	19,137
	<u>30,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,308</u>
Results					
Segment Results	2,217	(103)	(111)	-	2,003
Finance costs	(508)	(96)	(1)	-	(605)
Profit/(Loss) before taxation	1,709	(199)	(112)	-	1,398
Taxation	(303)	-	-	-	(303)
Profit/(Loss) after taxation	<u>1,406</u>	<u>(199)</u>	<u>(112)</u>	<u>-</u>	<u>1,095</u>
Net Assets as at 31 March 2014	<u>45,067</u>	<u>(646)</u>	<u>47,640</u>	<u>(24,465)</u>	<u>67,596</u>

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)
Loss before taxation	504	(103)	(121)	(13)	267
Taxation	(59)	-	-	-	(59)
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>

A10. Material Events Subsequent to the End of the Period

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 under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2014

A12. Contingent Liabilities and Contingent Assets

Contingent Liabilities of the Group of a material nature are as follows:

	As at 31.03.14 RM'000
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>82,103</u>

A13. Capital Commitments

	As at 31.03.14 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>56</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2014

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

B1. Review of Performance

	Current Quarter ended 31.03.14 RM'Million	Preceding Year Corresponding Quarter ended 31.03.13 RM'Million	Current Year Period ended 31.03.14 RM'Million	Preceding Year Period ended 31.03.13 RM'Million
Revenue	30.3	24.2	30.3	24.2
Profit before taxation	1.4	0.3	1.4	0.3

The Group registered a revenue of RM30.3 million for the current quarter, an increase of RM6.1 million or 25.4% from the previous year's corresponding quarter of RM24.2 million. There was significant improvement in sales of office furniture, buoyed by recovery in external demand from our key markets in Asia. In the domestic market, the Group continued with its supply and delivery of products to on-going projects from the last quarter of 2013.

The higher revenue at RM30.3 million translated to a profit before taxation of RM1.4 million as compared to a profit before taxation of RM0.3 million in the preceding year corresponding quarter. Profit before taxation of RM1.4 million was achieved with sustained gross profit margin from higher sales volume and the strengthening of the USD. However, operating expenses were higher in the current quarter in tandem with increase in export sales and rising operation costs.

The Group's property division is still in the process of pursuing the necessary approvals from the relevant authorities on its maiden residential development project in Mukim Cheras, Kuala Lumpur.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.03.14 RM'Million	Preceding Quarter ended 31.12.13 RM'Million
Revenue	30.3	26.8
Profit before taxation	1.4	1.3

For the first quarter ended 31 March 2014, the Group recorded a revenue of RM30.3 million as compared to RM26.8 million in the previous quarter ended 31 March 2013. In spite of a revenue growth by 13%, profit before taxation was maintained at similar level attributable to significant increase in operation costs from higher related selling expenses, inflationary pressure and higher manpower costs. There were also more promotional activities carried out in the current quarter under review.

B3. Profit for the Quarter/Period

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

	Current Year Quarter ended 31.03.14 RM'000	Preceding Year Corresponding Quarter ended 31.03.13 RM'000	Current Year Period ended 31.03.14 RM'000	Preceding Year Period ended 31.03.13 RM'000
Interest Income	(28)	(2)	(28)	(2)
Other income including investment income	(1)	(67)	(1)	(67)
Interest expense	443	489	443	489
Depreciation & amortisation	1,310	1,299	1,310	1,299
Foreign exchange loss/(gain)	12	(107)	12	(107)
Gain on derivatives	(135)	(29)	(135)	(29)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2014

B4. Current Year Prospects

The global economy is expected to strengthen moderately with impetus of growth coming from advanced economies, particularly the USA. The more upbeat US economic growth should perk up prospects for many emerging markets, especially South Asia. On this note, the Group is cautiously optimistic of the improved external demand in the first half of 2014.

The anticipated improvement in export market is however under constant threat from internal factors such as high inflationary rate, surging material prices and rising operational costs arising from rationalised subsidy in the country. The Group will focus on cost control measures to address these challenges and will also roll out new plans and products to sustain demand.

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 the near future.

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

B7. Taxation

	Current Year Quarter ended 31.03.14 RM'000	Preceding Year Corresponding Quarter ended 31.03.13 RM'000	Current Year ended 31.03.14 RM'000	Preceding Year ended 31.03.13 RM'000
Current taxation				
-current year	288	300	288	300
-prior year	3	-	3	-
	<u>291</u>	<u>300</u>	<u>291</u>	<u>300</u>
Deferred taxation				
-current	12	(241)	12	(241)
Total	<u>303</u>	<u>59</u>	<u>303</u>	<u>59</u>

The effective tax rate for the quarter ended 31 March 2014 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 2014 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	9,042	-	9,042
Bills payables	8,178	-	8,178
Term loans	1,918	12,009	13,927
Hire purchase payables	1,703	3,538	5,241
	<u>20,841</u>	<u>15,547</u>	<u>36,388</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 31.03.14 RM'000	As at 31.03.13 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	41,929	41,185
- unrealised	1,297	2,713
	<u>43,226</u>	<u>43,898</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2014

Less: Consolidation adjustments	(20,138)	(20,067)
Total retained earnings as per consolidated accounts	<u>23,088</u>	<u>23,831</u>

B10. Derivative Financial Instruments

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

Details of the outstanding derivative financial instruments of the Group as at 31 March 2014 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 31 March 2014 RM'000	Fair Value Gain RM'000
Foreign currency forward contracts - Less than 1 year	4,144	4,079	65

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 2014 (31 March 2013: Nil).

B13. Earnings Per Share

The earnings per share for the quarter ended 31 March 2014 is computed as follows:-

	Current Year Quarter ended 31.03.14	Preceding Year Corresponding Quarter ended 31.03.13	Current Year Period ended 31.03.14	Preceding Year Period ended 31.03.13
Profit for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	<u>1,072</u>	<u>184</u>	<u>1,072</u>	<u>184</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>1.32</u>	<u>0.23</u>	<u>1.32</u>	<u>0.23</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 2014.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 28 May 2014