

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.14 RM'000	Preceding Year Corresponding Quarter 30.06.13 RM'000	Current Year To Date 30.06.14 RM'000	Preceding Year Corresponding Period 30.06.13 RM'000
Continuing Operations:				
Revenue	27,698	24,046	58,006	48,217
Cost of sales	(19,449)	(18,992)	(41,869)	(36,911)
Gross profit	<u>8,249</u>	<u>5,054</u>	<u>16,137</u>	<u>11,306</u>
Other income	124	324	446	578
Operating expenses	(5,855)	(5,505)	(12,061)	(11,180)
Finance costs	(613)	(537)	(1,219)	(1,101)
Profit/(Loss) before taxation	<u>1,905</u>	<u>(664)</u>	<u>3,303</u>	<u>(397)</u>
Taxation	(479)	(119)	(782)	(178)
Profit/(Loss) for the period	<u>1,426</u>	<u>(783)</u>	<u>2,521</u>	<u>(575)</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income/(loss) for the period	<u><u>1,426</u></u>	<u><u>(783)</u></u>	<u><u>2,521</u></u>	<u><u>(575)</u></u>
Attributable to:				
Owners of the Company	1,380	(838)	2,452	(654)
Non-controlling interest	46	55	69	79
	<u>1,426</u>	<u>(783)</u>	<u>2,521</u>	<u>(575)</u>
Earnings per share				
- Earnings per share (sen)	<u>1.70</u>	<u>(1.04)</u>	<u>3.03</u>	<u>(0.81)</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 30 JUNE 2014

(The figures have not been audited)

	(Unaudited) As At End of Current Period 30.06.14 RM'000	(Audited) As At End of Preceding Financial Year 31.12.13 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	62,197	63,343
Land held for development	9,096	9,043
Deferred taxation	873	1,192
	<u>72,166</u>	<u>73,578</u>
Current assets		
Inventories	14,482	15,324
Trade receivables	26,910	29,263
Other receivables, deposits and prepayments	1,931	1,444
Tax recoverable	500	738
Forward exchange contracts	49	-
Fixed deposit	772	754
Short term funds	123	122
Cash and bank balances	6,075	2,716
	<u>50,842</u>	<u>50,361</u>
TOTAL ASSETS	<u>123,008</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	24,468	22,016
	<u>68,812</u>	<u>66,360</u>
Non-controlling interest	210	141
Total equity	<u>69,022</u>	<u>66,501</u>
Non-current liabilities		
Term loans	11,502	12,504
Hire purchase payables	3,447	3,732
	<u>14,949</u>	<u>16,236</u>
Current liabilities		
Trade payables	10,810	12,989
Other payables and accruals	6,733	6,212
Amount due to director	11	-
Bank overdrafts	8,820	11,872
Bills payable	8,971	6,298
Hire purchase payables	1,741	1,769
Short term loans	1,951	1,886
Provision for taxation	-	106
Forward exchange contracts	-	70
	<u>39,037</u>	<u>41,202</u>
Total liabilities	<u>53,986</u>	<u>57,438</u>
TOTAL EQUITY AND LIABILITIES	<u>123,008</u>	<u>123,939</u>
Net Assets Per Share (RM)	0.85	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 SECOND QUARTER ENDED 30 JUNE 2014
(The figures have not been audited)

	/--Attributable to Equity Holders of the Company--/				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
Profit for the period	-	-	2,452	2,452	69	2,521
At 30 June 2014	<u>40,500</u>	<u>3,844</u>	<u>24,468</u>	<u>68,812</u>	<u>210</u>	<u>69,022</u>
At 1 January 2013	40,500	3,844	23,546	67,890	-	67,890
Profit/(Loss) for the period	-	-	(654)	(654)	79	(575)
Transaction with owners: Movement in interest in a subsidiary	-	-	101	101	(21)	80
At 30 June 2013	<u>40,500</u>	<u>3,844</u>	<u>22,993</u>	<u>67,337</u>	<u>58</u>	<u>67,395</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 30 JUNE 2014**

(The figures have not been audited)

	Current Year Period ended 30.06.14 RM'000	Preceding Year Period ended 30.06.13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	3,303	(397)
Adjustments for:		
Non-cash items	2,850	2,606
Non-operating items	839	845
Operating profit before working capital changes	<u>6,992</u>	<u>3,054</u>
Inventories	842	(1,021)
Trade and other receivables	1,626	8,368
Trade and other payables	977	(314)
Cash generated from operations	<u>10,437</u>	<u>10,087</u>
Land held for development	(53)	(319)
Tax paid	(411)	(198)
Tax refund	81	121
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>10,054</u>	<u>9,691</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(904)	(1,116)
Interest received	35	5
Proceeds from disposal of property, plant and equipment	20	108
NET CASH USED IN INVESTING ACTIVITIES	<u>(849)</u>	<u>(1,003)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(18)	(3)
Interest paid	(901)	(962)
Repayment of hire purchase payables	(937)	(1,064)
Repayment of term loans	(937)	(871)
Proceeds from issuance of shares to non-controlling interest	-	80
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,793)</u>	<u>(2,820)</u>
Net increase in cash and cash equivalents	6,412	5,868
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>(2,622)</u>	<u>(2,659)</u>

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

Bank overdrafts	(8,820)	(10,369)
Cash and bank balances	6,075	7,590
Fixed deposits	772	751
Short term funds	123	120
	<u>(1,850)</u>	<u>(1,908)</u>
Less: Fixed deposits pledged	(772)	(751)
	<u>(2,622)</u>	<u>(2,659)</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 - SECOND QUARTER ENDED 30 JUNE 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 30 June 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 and period ended 30 June 2014.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2014

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 30 June 2014.

A9. Segmental Reporting

For the financial period ended 30 June 2014, the Group's financial information is analysed by operating segments as follows:

Financial period ended 30 June 2014:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	19,366	-	-	-	19,366
Exports	38,640	-	-	-	38,640
	<u>58,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,006</u>
Results					
Segment Results	5,038	(213)	(303)	-	4,522
Finance costs	(1,022)	(194)	(3)	-	(1,219)
Profit/(Loss) before taxation	4,016	(407)	(306)	-	3,303
Taxation	(782)	-	-	-	(782)
Profit/(Loss) after taxation	<u>3,234</u>	<u>(407)</u>	<u>(306)</u>	<u>-</u>	<u>2,521</u>
Net Assets as at 30 June 2014	<u>46,889</u>	<u>(853)</u>	<u>47,447</u>	<u>(24,461)</u>	<u>69,022</u>

Financial period ended 30 June 2013:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	19,127	-	-	-	19,127
Exports	29,090	-	-	-	29,090
	<u>48,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,217</u>
Results					
Segment Results	1,251	(207)	(340)	-	704
Finance costs	(1,095)	-	(6)	-	(1,101)
Profit/(Loss) before taxation	156	(207)	(346)	-	(397)
Taxation	(178)	-	-	-	(178)
Loss after taxation	<u>(22)</u>	<u>(207)</u>	<u>(346)</u>	<u>-</u>	<u>(575)</u>
Net Assets as at 30 June 2013	<u>45,957</u>	<u>(216)</u>	<u>46,185</u>	<u>(24,531)</u>	<u>67,395</u>

A10. Material Events Subsequent to the End of the Period

There were no material events between the end of the period 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 2014

A12. Contingent Liabilities and Contingent Assets

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

	As at 30.06.14 RM'000
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>82,535</u>

A13. Capital Commitments

	As at 30.06.14 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>625</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 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 30.06.14 RM'Million	Preceding Year Corresponding Quarter ended 30.06.13 RM'Million	Current Year Period ended 30.06.14 RM'Million	Preceding Year Period ended 30.06.13 RM'Million
Revenue	27.7	24.0	58.0	48.2
Profit/(loss) before taxation	1.9	(0.7)	3.3	(0.4)

The Group recorded a revenue of RM27.7 million for the current quarter, an increase of RM3.7 million or 15.4%. The increase was mainly from improved export sales in key Asian markets, whereas local sales remained at similar level with the same corresponding period in the preceding year.

The Group achieved profit before taxation of RM3.3 million in the current period in tandem with an improvement of higher sales revenue. This is a significant improvement from a loss before taxation of RM0.4 million with a much lower turnover in the preceding year's corresponding period. Gross profit margin also improved due to higher efficiency achieved with better utilisation of capacity and improvement in selling price. However, higher operating costs were incurred as a result of inflationary pressure and increase in tariffs.

The Group's property division is still in the process of pursuing the necessary approvals from the relevant authorities on its debut residential development project in Mukim Cheras, Kuala Lumpur. The Board is cautiously optimistic that the necessary approvals can be obtained in the foreseeable future in order for the Group to kick start this project.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.06.14 RM'Million	Preceding Quarter ended 31.03.14 RM'Million
Revenue	27.7	30.4
Profit before taxation	1.9	1.4

Revenue for the current quarter decreased by 8.9% to RM27.7 million as compared to RM30.4 million in the previous quarter ended 31 March 2014 with lower local project sales. However, the Group managed to achieve an improved profit before taxation with better margin projects and lower promotional expenses in the quarter.

B3. Profit for the Quarter/Period

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

	Current Year Quarter ended 30.06.14 RM'000	Preceding Year Corresponding Quarter ended 30.06.13 RM'000	Current Year Period ended 30.06.14 RM'000	Preceding Year Period ended 30.06.13 RM'000
Interest Income	(7)	(3)	(35)	(5)
Other income including investment income	(8)	(34)	(8)	(101)
Interest expense	458	473	901	962
Depreciation & amortisation	1,322	1,307	2,632	2,606
Provision for and write-off receivables	217	-	217	-
Foreign exchange gain	(33)	(313)	(82)	(420)
Loss/(Gain) on derivatives	17	49	(119)	20

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2014

B4. Current Year Prospects

In the first half of 2014, the Group saw improved external demand for the Group's products. However, the Group foresees weak market sentiment in both the local and export market in the ensuing quarter but is cautiously optimistic for the return of higher demand in the final quarter of the year.

Internally, the Group will continue to be affected by higher operational cost due to rising material prices, higher wages and the gradual withdrawal of government's subsidies in the country. The Group will continue to implement cost control measures and improve its efficiency level to counter rising operational costs.

The Group also expects to obtain the necessary approvals from the relevant authorities within the next six months to proceed with the launching of its development project.

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

B7. Taxation

	Current Year Quarter ended 30.06.14 RM'000	Preceding Year Corresponding Quarter ended 30.06.13 RM'000	Current Year period ended 30.06.14 RM'000	Preceding Year period ended 30.06.13 RM'000
Current taxation				
-current year	168	56	456	356
-prior year	4	(36)	7	(36)
	<u>172</u>	<u>20</u>	<u>463</u>	<u>320</u>
Deferred taxation - current	307	136	319	(105)
	<u>479</u>	<u>156</u>	<u>782</u>	<u>215</u>

The effective tax rate for the quarter and period ended 30 June 2014 was lower than the statutory income tax rate primarily due to the utilisation of deferred tax asset of certain subsidiary which was not recognised previously.

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2014 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	8,820	-	8,820
Bills payables	8,971	-	8,971
Term loans	1,951	11,502	13,453
Hire purchase payables	1,741	3,447	5,188
	<u>21,483</u>	<u>14,949</u>	<u>36,432</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 30.06.14 RM'000	As at 30.06.13 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	43,784	40,441
- unrealised	865	2,658
	<u>44,649</u>	<u>43,099</u>
Less: Consolidation adjustments	(20,181)	(20,106)
Total retained earnings as per consolidated accounts	<u>24,468</u>	<u>22,993</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2014

B10. Derivative Financial Instruments

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD, EURO, pound 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 2014 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 30 June 2014 RM'000	Fair Value Gain RM'000
Foreign currency forward contracts - Less than 1 year	3,263	3,214	49

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 2014 (30 June 2013: Nil).

B13. Earnings Per Share

The earnings per share for the quarter and period ended 30 June 2014 is computed as follows:-

	Current Year Quarter ended 30.06.14	Preceding Year Corresponding Quarter ended 30.06.13	Current Year Period ended 30.06.14	Preceding Year Period ended 30.06.13
Profit/(Loss) for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	1,380	(838)	2,452	(654)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings Per Share (sen)	1.70	(1.04)	3.03	(0.81)

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 30 June 2014.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 28 August 2014