

EURO HOLDINGS BERHAD
(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.14 RM'000	Preceding Year Corresponding Quarter 30.09.13 RM'000	Current Year To Date 30.09.14 RM'000	Preceding Year Corresponding Period 30.09.13 RM'000
Continuing Operations:				
Revenue	23,663	22,156	81,669	70,373
Cost of sales	(17,194)	(17,042)	(59,063)	(53,953)
Gross profit	<u>6,469</u>	<u>5,114</u>	<u>22,606</u>	<u>16,420</u>
Other income	109	270	555	848
Operating expenses	(6,230)	(5,784)	(18,291)	(16,964)
Finance costs	(614)	(533)	(1,833)	(1,634)
(Loss)/Profit before taxation	<u>(266)</u>	<u>(933)</u>	<u>3,037</u>	<u>(1,330)</u>
Taxation	57	(150)	(725)	(328)
(Loss)/Profit for the period	<u>(209)</u>	<u>(1,083)</u>	<u>2,312</u>	<u>(1,658)</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive (loss)/income for the period	<u><u>(209)</u></u>	<u><u>(1,083)</u></u>	<u><u>2,312</u></u>	<u><u>(1,658)</u></u>
Attributable to:				
Owners of the Company	(30)	(1,149)	2,422	(1,803)
Non-controlling interest	<u>(179)</u>	<u>66</u>	<u>(110)</u>	<u>145</u>
	<u><u>(209)</u></u>	<u><u>(1,083)</u></u>	<u><u>2,312</u></u>	<u><u>(1,658)</u></u>
Earnings per share				
- Earnings per share (sen)	<u><u>(0.04)</u></u>	<u><u>(1.42)</u></u>	<u><u>2.99</u></u>	<u><u>(2.23)</u></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 SEPTEMBER 2014

(The figures have not been audited)

	(Unaudited) As At End of Current Period 30.09.14 RM'000	(Audited) As At End of Preceding Financial Year 31.12.13 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	61,277	63,343
Land held for development	10,708	9,043
Deferred taxation	866	1,192
	<u>72,851</u>	<u>73,578</u>
Current assets		
Inventories	14,317	15,324
Trade receivables	25,625	29,263
Other receivables, deposits and prepayments	1,884	1,444
Tax recoverable	884	738
Fixed deposit	819	754
Short term funds	124	122
Cash and bank balances	5,201	2,716
	<u>48,854</u>	<u>50,361</u>
TOTAL ASSETS	<u>121,705</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	24,438	22,016
	<u>68,782</u>	<u>66,360</u>
Non-controlling interest	31	141
Total equity	<u>68,813</u>	<u>66,501</u>
Non-current liabilities		
Term loans	11,029	12,504
Hire purchase payables	3,073	3,732
	<u>14,102</u>	<u>16,236</u>
Current liabilities		
Trade payables	10,467	12,989
Other payables and accruals	7,979	6,212
Amount due to director	10	-
Bank overdrafts	10,042	11,872
Bills payable	6,695	6,298
Hire purchase payables	1,621	1,769
Short term loans	1,955	1,886
Provision for taxation	-	106
Forward exchange contracts	21	70
	<u>38,790</u>	<u>41,202</u>
Total liabilities	<u>52,892</u>	<u>57,438</u>
TOTAL EQUITY AND LIABILITIES	<u>121,705</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 THIRD QUARTER ENDED 30 SEPTEMBER 2014**

(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 2014	40,500	3,844	22,016	66,360	141	66,501
Total comprehensive income/(loss) for the period	-	-	2,422	2,422	(110)	2,312
At 30 September 2014	<u>40,500</u>	<u>3,844</u>	<u>24,438</u>	<u>68,782</u>	<u>31</u>	<u>68,813</u>
At 1 January 2013	40,500	3,844	23,546	67,890	-	67,890
Total comprehensive (loss)/income for the period	-	-	(1,803)	(1,803)	145	(1,658)
Transaction with owners: Movement in interest in a subsidiary	-	-	101	101	(21)	80
At 30 September 2013	<u>40,500</u>	<u>3,844</u>	<u>21,844</u>	<u>66,188</u>	<u>124</u>	<u>66,312</u>

Notes:

period

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 SEPTEMBER 2014
(The figures have not been audited)**

	Current Year Period ended 30.09.14 RM'000	Preceding Year Period ended 30.09.13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	3,037	(1,330)
Non-cash items	4,955	3,967
Non-operating items	1,275	1,175
Operating profit before working capital changes	<u>9,267</u>	<u>3,812</u>
Inventories	1,007	(2,141)
Trade and other receivables	2,324	5,394
Trade and other payables	(457)	(1,747)
Cash generated from operations	<u>12,141</u>	<u>5,318</u>
Land held for development	(1,665)	(427)
Tax paid	(731)	(350)
Tax refund	81	147
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>9,826</u>	<u>4,688</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,306)	(1,819)
Interest received	41	8
Proceeds from disposal of property, plant and equipment	21	307
Placement of fixed deposit	(28)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,272)</u>	<u>(1,504)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(37)	(7)
Interest paid	(1,363)	(1,440)
Proceeds from issuance of shares to non-controlling interest	-	80
Repayment of hire purchase payables	(1,431)	(1,513)
Repayment of term loans	(1,406)	(1,313)
NET CASH USED IN FINANCING ACTIVITIES	<u>(4,237)</u>	<u>(4,193)</u>
Net increase in cash and cash equivalents	4,317	(1,009)
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>(4,717)</u>	<u>(9,536)</u>

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

Bank overdrafts	(10,042)	(12,461)
Cash and bank balances	5,201	2,804
Fixed deposits	819	754
Short term funds	124	121
	<u>(3,898)</u>	<u>(8,782)</u>
Less: Fixed deposits pledged to a bank for credit facilities	(819)	(754)
	<u>(4,717)</u>	<u>(9,536)</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 - THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 September 2014.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2014

A8. Dividends Paid

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

A9. Segmental Reporting

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

Financial period ended 30 September 2014:

	Manufacturing	Property	Investment	Elimination	Total
	RM'000	RM'000	Holding	RM'000	RM'000
			RM'000		
Revenue					
Local	26,474	-	-	-	26,474
Exports	55,195	-	-	-	55,195
	<u>81,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,669</u>
Results					
Segment Results	5,800	(307)	(623)	-	4,870
Finance costs	(1,533)	(295)	(5)	-	(1,833)
Profit/(Loss) before taxation	4,267	(602)	(628)	-	3,037
Taxation	(725)	-	-	-	(725)
Profit/(Loss) after taxation	<u>3,542</u>	<u>(602)</u>	<u>(628)</u>	<u>-</u>	<u>2,312</u>
<i>Net Assets as at 30 September 2014</i>	<u>47,197</u>	<u>(1,049)</u>	<u>47,125</u>	<u>(24,460)</u>	<u>68,813</u>

Financial period ended 30 September 2013:

	Manufacturing	Property	Investment	Elimination	Total
	RM'000	RM'000	Holding	RM'000	RM'000
			RM'000		
Revenue					
Local	29,773	-	-	-	29,773
Exports	40,600	-	-	-	40,600
	<u>70,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,373</u>
Results					
Segment Results	1,077	(317)	(456)	-	304
Finance costs	(1,626)	-	(8)	-	(1,634)
Loss before taxation	(549)	(317)	(464)	-	(1,330)
Taxation	(329)	-	1	-	(328)
Loss after taxation	<u>(878)</u>	<u>(317)</u>	<u>(463)</u>	<u>-</u>	<u>(1,658)</u>
<i>Net Assets as at 30 September 2013</i>	<u>45,072</u>	<u>(326)</u>	<u>46,068</u>	<u>(24,502)</u>	<u>66,312</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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2014

A12. Contingent Liabilities and Contingent Assets

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

<u>Company</u>	As at 30.09.14 RM'000
<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 30.09.14 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>400</u>

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 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 30.09.14 RM'Million	Preceding Year Corresponding Quarter ended 30.09.13 RM'Million	Current Year Period ended 30.09.14 RM'Million	Preceding Year Period ended 30.09.13 RM'Million
Revenue	23.6	22.1	81.7	70.3
Profit before taxation	(0.3)	(0.9)	2.3	(1.3)

The Group recorded a revenue of RM81.7 million for the nine-month period ended 30 September 2014 as compared to RM70.3 million in the corresponding year period, representing a significant increase of RM11.4 million or 16.2%. Export sales of workstations and steel storages achieved higher sales volume, notably in the Asian markets. However, project sales in the home front had reduced with declining market demand.

The higher revenue had translated to a profit before taxation of RM2.3 million in the current period against a loss before taxation of RM1.3 million in the preceding year. Higher efficiency of material usage and improved selling price contributed to better profit margin. Operating expenses increased in tandem with increased sales activities. The Group also made a debt provision of RM1 million mainly on a doubtful collection of one of its overseas clients.

The property division saw much progress in its efforts to obtaining the necessary approvals from the relevant authorities on its residential development project in Mukim Cheras, Kuala Lumpur. Barring any unforeseen circumstances, the Group expects to launch its maiden development project in the first half of 2015.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.09.14 RM'Million	Preceding Quarter ended 30.06.14 RM'Million
Revenue	23.6	27.7
(Loss)/Profit before taxation	(0.3)	1.9

The market had slowed down considerably in the third quarter of the current year, especially at the local front. Consequently, the Group recorded a revenue of RM23.6 million in the quarter under review, representing a reduction of RM4.1 million or 14.8% as compared to RM27.7 million in the previous quarter ended 30 June 2014. This had resulted in the Group recording a loss before taxation of RM0.3 million in the current quarter.

B3. (Loss)/Profit for the Quarter/Period

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

	Current Year Quarter ended 30.09.14 RM'000	Preceding Year Corresponding Quarter ended 30.09.13 RM'000	Current Year Period ended 30.09.14 RM'000	Preceding Year Period ended 30.09.13 RM'000
Interest Income	(6)	(3)	(41)	(8)
Other income including investment income	76	(71)	68	(172)
Interest expense	462	478	1,363	1,440
Depreciation & amortisation	1,323	1,361	3,955	3,967
Provision for and write-off of receivables	783	-	1,000	-
Foreign exchange loss/(gain)	150	(208)	(232)	(628)
Loss/(Gain) on derivatives	70	61	(49)	81

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2014

B4. Current Year Prospects

The favourable market condition in the first half of the year had declined as the year progresses. The Group recorded declining sales after the first half of the year and the weak market sentiment is expected to continue.

The Group will continue to be affected by higher operational costs, especially higher wages and tariffs. The Group will monitor closely its operational costs and target to achieve higher efficiency level as counter measures.

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

B7. Taxation

	Current Year Quarter ended 30.09.14 RM'000	Preceding Year Corresponding Quarter ended 30.09.13 RM'000	Current Year period ended 30.09.14 RM'000	Preceding Year period ended 30.09.13 RM'000
Current taxation				
-current year	(64)	77	392	433
-prior year	-		7	(36)
	(64)	77	399	397
Deferred taxation				
-current year	7	73	326	(32)
-prior year	-	-	-	(37)
	(57)	150	725	328

The effective tax rate for the period ended 30 September 2014 was lower than the statutory income tax rate primarily due to the utilisation of deferred tax assets of certain subsidiaries which were not recognised previously.

B8. Group Borrowings and Debt Securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	10,042	-	10,042
Bills payables	6,695	-	6,695
Term loans	1,955	11,029	12,984
Hire purchase payables	1,621	3,073	4,694
	20,313	14,102	34,415

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 30.09.14 RM'000	As at 30.09.13 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	43,564	39,356
- unrealised	875	2,623
	44,439	41,979
Less: Consolidation adjustments	(20,001)	(20,135)
	24,438	21,844

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2014 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 30 September 2014 RM'000	Fair Value Gain RM'000
Foreign currency forward contracts - Less than 1 year	5,939	5,960	(21)

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 September 2014 (30 September 2013: Nil).

B13. Earnings Per Share

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

	Current Year Quarter ended 30.09.14	Preceding Year Corresponding Quarter ended 30.09.13	Current Year Period ended 30.09.14	Preceding Year Period ended 30.09.13
Profit/(Loss) for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	(30)	(1,149)	2,422	(1,803)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings Per Share (sen)	(0.04)	(1.42)	2.99	(2.23)

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 September 2014.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 20 November 2014