

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.14 RM'000	Preceding Year Corresponding Quarter 31.12.13 RM'000	Current Year To Date 31.12.14 RM'000	Preceding Year Corresponding Period 31.12.13 RM'000
Continuing Operations:				
Revenue	24,445	26,842	106,114	97,215
Cost of sales	(18,213)	(20,174)	(77,276)	(74,127)
Gross profit	<u>6,232</u>	<u>6,668</u>	<u>28,838</u>	<u>23,088</u>
Other income	136	247	691	1,095
Operating expenses	(6,305)	(4,914)	(24,596)	(21,878)
Finance costs	(219)	(550)	(2,052)	(2,184)
(Loss)/Profit before taxation	<u>(156)</u>	<u>1,451</u>	<u>2,881</u>	<u>121</u>
Taxation	211	(1,261)	(514)	(1,589)
Profit/(Loss) for the year	<u>55</u>	<u>190</u>	<u>2,367</u>	<u>(1,468)</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income/(loss) for the year	<u><u>55</u></u>	<u><u>190</u></u>	<u><u>2,367</u></u>	<u><u>(1,468)</u></u>
Attributable to:				
Owners of the Company	(18)	173	2,404	(1,630)
Non-controlling interest	<u>73</u>	<u>17</u>	<u>(37)</u>	<u>162</u>
	<u><u>55</u></u>	<u><u>190</u></u>	<u><u>2,367</u></u>	<u><u>(1,468)</u></u>
Earnings per share				
- Earnings per share (sen)	<u><u>(0.02)</u></u>	<u><u>0.22</u></u>	<u><u>2.97</u></u>	<u><u>(2.01)</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 31 DECEMBER 2014

(The figures have not been audited)

	(Unaudited) As At End of Current Financial Year 31.12.14 RM'000	(Audited) As At End of Preceding Financial Year 31.12.13 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	60,729	63,343
Deferred taxation	1,130	1,192
	<u>61,859</u>	<u>64,535</u>
Land held for development	12,138	9,043
Inventories	14,857	15,324
Trade receivables	20,972	29,263
Other receivables, deposits and prepayments	1,575	1,444
Tax recoverable	855	738
Fixed deposits	903	754
Short term funds	125	122
Cash and bank balances	6,719	2,716
	<u>58,144</u>	<u>59,404</u>
TOTAL ASSETS	<u><u>120,003</u></u>	<u><u>123,939</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	24,420	22,016
	<u>68,764</u>	<u>66,360</u>
Non-controlling interest	104	141
Total equity	<u>68,868</u>	<u>66,501</u>
Non-current liabilities		
Term loans	10,613	12,504
Hire purchase payables	2,704	3,732
	<u>13,317</u>	<u>16,236</u>
Current liabilities		
Trade payables	11,368	12,989
Other payables and accruals	7,117	6,212
Amount due to director	2	-
Bank overdrafts	8,897	11,872
Bills payable	6,924	6,298
Hire purchase payables	1,536	1,769
Short term loans	1,896	1,886
Provision for taxation	-	106
Forward exchange contracts	78	70
	<u>37,818</u>	<u>41,202</u>
Total liabilities	<u>51,135</u>	<u>57,438</u>
TOTAL EQUITY AND LIABILITIES	<u><u>120,003</u></u>	<u><u>123,939</u></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 YEAR ENDED 31 DECEMBER 2014**

	/--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/(loss) for the year	-	-	2,404	2,404	(37)	2,367
At 31 December 2014	<u>40,500</u>	<u>3,844</u>	<u>24,420</u>	<u>68,764</u>	<u>104</u>	<u>68,868</u>
At 1 January 2013	40,500	3,844	23,546	67,890	-	67,890
Total comprehensive (loss)/income for the year	-	-	(1,630)	(1,630)	162	(1,468)
Transaction with owners:						
Movement in interest in a subsidiary	-	-	100	100	(21)	79
At 31 December 2013	<u>40,500</u>	<u>3,844</u>	<u>22,016</u>	<u>66,360</u>	<u>141</u>	<u>66,501</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 YEAR ENDED 31 DECEMBER 2014**

(The figures have not been audited)

	Current Year ended 31.12.14 RM'000	Preceding Year ended 31.12.13 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,881	121
Non-cash items	5,910	5,277
Non-operating items	3,378	1,799
Operating profit before working capital changes	<u>12,169</u>	<u>7,197</u>
Land held for development	(3,096)	(529)
Inventories	372	486
Trade and other receivables	6,199	1,260
Trade and other payables	<u>(241)</u>	<u>(2,252)</u>
Cash generated from operations	15,403	6,162
Tax paid	(969)	(318)
Tax refund	295	572
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>14,729</u>	<u>6,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,094)	(1,995)
Interest received	49	12
Proceeds from disposal of property, plant and equipment	25	686
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,020)</u>	<u>(1,297)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(149)	(6)
Interest paid	(1,814)	(1,931)
Proceeds from issuance of shares to non-controlling interest	-	80
Repayment of hire purchase payables	(1,885)	(1,994)
Repayment of term loans	<u>(1,880)</u>	<u>(1,774)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(5,728)</u>	<u>(5,625)</u>
Net increase in cash and cash equivalents	6,981	(506)
Cash and cash equivalents at beginning of the financial year	<u>(9,034)</u>	<u>(8,528)</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR*	<u>(2,053)</u>	<u>(9,034)</u>

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

Bank overdrafts	(8,897)	(11,872)
Cash and bank balances	6,719	2,716
Fixed deposits	903	754
Short term funds	125	122
	<u>(1,150)</u>	<u>(8,280)</u>
Less: Fixed deposits pledged to a bank for credit facilities	<u>(903)</u>	<u>(754)</u>
	<u>(2,053)</u>	<u>(9,034)</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 - FOURTH QUARTER ENDED 31 DECEMBER 2014

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. However, this trend was absent in the second half year due to uncertainties in the overall global economy and the softening of local demand.

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 financial year ended 31 December 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 and financial year under review.

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 financial year ended 31 December 2014.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2014

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and financial year ended 31 December 2014.

A9. Segmental Reporting

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

Financial year ended 31 December 2014:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	33,511	-	1,134	(1,134)	33,511
Exports	72,603	-	-	-	72,603
	<u>106,114</u>	<u>-</u>	<u>1,134</u>	<u>(1,134)</u>	<u>106,114</u>
Results					
Segment Results	6,337	(627)	357	(1,134)	4,933
Finance costs	(2,046)	-	(6)	-	(2,052)
Profit/(Loss) before taxation	4,291	(627)	351	(1,134)	2,881
Taxation	(514)	-	-	-	(514)
Profit/(Loss) after taxation	<u>3,777</u>	<u>(627)</u>	<u>351</u>	<u>(1,134)</u>	<u>2,367</u>
Net Assets/(Liabilities) as at 31 December 2014	<u>46,319</u>	<u>(1,074)</u>	<u>48,102</u>	<u>(24,479)</u>	<u>68,868</u>

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>-</u>	<u>-</u>	<u>97,215</u>
Results					
Segment Results	3,353	(437)	1,725	(2,336)	2,305
Finance costs	(2,173)	-	(11)	-	(2,184)
Profit/(Loss) before taxation	1,180	(437)	1,714	(2,336)	121
Taxation	(1,680)	-	(493)	584	(1,589)
(Loss)/Profit after taxation	<u>(500)</u>	<u>(437)</u>	<u>1,221</u>	<u>(1,752)</u>	<u>(1,468)</u>
Net Assets/(Liabilities) as at 31 December 2013	<u>43,674</u>	<u>(446)</u>	<u>47,752</u>	<u>(24,479)</u>	<u>66,501</u>

A10. Material Events Subsequent to the End of the Financial Year

There were no material events between the end of the financial year and the date of this report that have not been reflected in the financial statements for the financial 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.

EURO HOLDINGS BERHAD
(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2014

A12. Contingent Liabilities and Contingent Assets

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

	As at 31.12.14 RM'000
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u><u>82,535</u></u>

A13. Capital Commitments

	As at 31.12.14 RM'000
Property, plant and machinery	
Contracted but not provided for	<u><u>38</u></u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.14 RM'Million	Preceding Year Corresponding Quarter ended 31.12.13 RM'Million	Current Year ended 31.12.14 RM'Million	Preceding Year ended 31.12.13 RM'Million
Revenue	24.4	26.8	106.1	97.2
(Loss)/Profit before taxation	(0.2)	1.4	2.9	0.1

The Group registered a revenue of RM106.1 million for the year ended 31 December 2014, a growth of 9.2% from RM97.2 million in the previous year. Higher export project sales in the first half of 2014 contributed to the improved revenue. On the other hand, sales in the local market had slowed down considerably as the year moved on, affected by inflationary pressure and economy uncertainties.

On the back of higher turnover achieved and better gross profit margin, the Group recorded a profit before taxation of RM2.9 million for the current year against RM0.1 million in 2013. Gross margin improved with better control on material usage and improved selling price. The appreciation of USD against Ringgit also contributed to the improved margin.

The high operation cost was mainly due to the provision made on long outstanding trade receivables of RM2.3 million.

The property division will be on track to launch its first residential project in Mukim Cheras, Kuala Lumpur in the first half of 2015 as it had obtained the development order from the relevant authorities. With this, the Group hopes to expand its revenue base and reduce its sole reliance on the existing furniture manufacturing and trading.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.12.14 RM'Million	Preceding Quarter ended 30.09.14 RM'Million
Revenue	24.4	23.6
Loss before taxation	(0.2)	(0.3)

There was not much of revenue improvement in the final quarter of the year which was traditionally the Group's strong period. Demand had remained flat, with a mere increase of 3.4% in revenue.

If not for the substantial provision of doubtful debts of RM1.3 million made during the quarter, the Group would have recorded a respectable operating profit.

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

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

	Current Year Quarter ended 31.12.14 RM'000	Preceding Year Corresponding Quarter ended 31.12.13 RM'000	Current Year ended 31.12.14 RM'000	Preceding Year ended 31.12.13 RM'000
Interest Income	(8)	(4)	(49)	(12)
Other income including investment income	(135)	(136)	(67)	(308)
Foreign exchange gain	(328)	(120)	(560)	(748)
Interest expense	451	491	1,814	1,931
Depreciation & amortisation	1,329	1,310	5,284	5,277
Provision for and write-off of receivables	1,317	244	2,317	244
Provision for and write-off of stocks	95	-	95	-
Loss on forward exchange contracts	57	23	8	104

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2014

B4. Next Year Prospects

Market demand for office furniture is expected to remain slow in the first half of the year both internally and externally. The prolonged global economic uncertainties may have a bigger impact on the overall market demand.

The Group will focus on maintaining strong business relationships with our major customers as well as remaining competitive through product innovation and quality improvements in our products and processes.

The property division of the Group will also be making its debut on the launching of its residential project to broaden the Group's revenue stream.

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 2015, being a date not earlier than 7 days from the date of this report.

B7. Taxation

	Current Year Quarter ended 31.12.14 RM'000	Preceding Year Corresponding Quarter ended 31.12.13 RM'000	Current Year ended 31.12.14 RM'000	Preceding Year ended 31.12.13 RM'000
Current taxation				
-current year	53	274	445	707
-prior year	-	(241)	7	(277)
	53	33	452	430
Deferred taxation				
-current year	(290)	1,193	36	1,161
-prior year	26	35	26	(2)
	(264)	1,228	62	1,159
	(211)	1,261	514	1,589

The effective tax rate for the year ended 31 December 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 31 December 2014 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	8,897	-	8,897
Bills payables	6,924	-	6,924
Hire purchase payables	1,536	2,704	4,240
Term loans	1,896	10,613	12,509
	19,253	13,317	32,570

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 31.12.14 RM'000	As at 31.12.13 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	43,276	40,799
- unrealised	1,236	1,347
	44,512	42,146
Less: Consolidation adjustments	(20,092)	(20,130)
	24,438	22,016

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 2014 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 31 December 2014 RM'000	Fair Value Gain RM'000
Foreign currency forward contracts - Less than 1 year	5,110	5,188	(78)

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 2014 (31 December 2013: Nil).

B13. Earnings Per Share

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

	Current Year Quarter ended 31.12.14	Preceding Year Corresponding Quarter ended 31.12.13	Current Year ended 31.12.14	Preceding Year ended 31.12.13
Profit/(Loss) for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	(18)	173	2,404	(1,630)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings Per Share (sen)	(0.02)	0.22	2.97	(2.01)

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 2014.

By order of the Board
EURO HOLDINGS BERHAD

Tan Tong Lang
Company Secretary
(MAICSA 7045482)

Date: 27 February 2015