

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.15 RM'000	Preceding Year Corresponding Quarter 30.06.14 RM'000	Current Year To Date 30.06.15 RM'000	Preceding Year Corresponding Period 30.06.14 RM'000
Continuing Operations:				
Revenue	20,679	27,698	45,874	58,006
Cost of sales	(14,178)	(19,449)	(31,877)	(41,869)
Gross profit	<u>6,501</u>	<u>8,249</u>	<u>13,997</u>	<u>16,137</u>
Other income	214	124	501	446
Operating expenses	(5,716)	(5,855)	(11,952)	(12,061)
Finance costs	(481)	(613)	(950)	(1,219)
Profit before taxation	<u>518</u>	<u>1,905</u>	<u>1,596</u>	<u>3,303</u>
Taxation	(130)	(479)	(411)	(782)
Profit for the period	<u>388</u>	<u>1,426</u>	<u>1,185</u>	<u>2,521</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income for the period	<u><u>388</u></u>	<u><u>1,426</u></u>	<u><u>1,185</u></u>	<u><u>2,521</u></u>
Attributable to:				
Owners of the Company	315	1,380	1,081	2,452
Non-controlling interest	<u>73</u>	<u>46</u>	<u>104</u>	<u>69</u>
	<u><u>388</u></u>	<u><u>1,426</u></u>	<u><u>1,185</u></u>	<u><u>2,521</u></u>
Earnings per share				
- Earnings per share (sen)	<u><u>0.39</u></u>	<u><u>1.70</u></u>	<u><u>1.33</u></u>	<u><u>3.03</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 2014 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 2015

(The figures have not been audited)

	(Unaudited) As At End of Current Period 30.06.15 RM'000	(Audited) As At End of Preceding Financial Year 31.12.14 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	58,996	61,364
Land held for development	15,906	12,139
Deferred taxation	1,100	1,132
	<u>76,002</u>	<u>74,635</u>
Current assets		
Inventories	14,315	14,982
Trade receivables	21,010	20,971
Other receivables, deposits and prepayments	2,175	943
Tax recoverable	752	1,030
Fixed deposit	1,074	903
Short term funds	127	125
Cash and bank balances	5,593	6,719
	<u>45,046</u>	<u>45,673</u>
TOTAL ASSETS	<u>121,048</u>	<u>120,308</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	25,506	24,425
	<u>69,850</u>	<u>68,769</u>
Non-controlling interest	208	104
Total equity	<u>70,058</u>	<u>68,873</u>
Non-current liabilities		
Term loans	9,835	10,608
Hire purchase payables	2,004	2,704
	<u>11,839</u>	<u>13,312</u>
Current liabilities		
Trade payables	10,188	11,368
Other payables and accruals	10,054	7,247
Amount due to director	3	2
Bank overdrafts	9,737	8,897
Bills payable	5,210	6,924
Hire purchase payables	1,507	1,536
Short term loans	2,069	1,896
Provision for taxation	272	175
Forward exchange contracts	111	78
	<u>39,151</u>	<u>38,123</u>
Total liabilities	<u>50,990</u>	<u>51,435</u>
TOTAL EQUITY AND LIABILITIES	<u>121,048</u>	<u>120,308</u>
Net Assets Per Share (RM)	0.86	0.85

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 2014 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 2015
(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 2015	40,500	3,844	24,425	68,769	104	68,873
Total comprehensive income for the period	-	-	1,081	1,081	104	1,185
At 30 June 2015	<u>40,500</u>	<u>3,844</u>	<u>25,506</u>	<u>69,850</u>	<u>208</u>	<u>70,058</u>
At 1 January 2014	40,500	3,844	22,016	66,360	141	66,501
Total comprehensive income 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>

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 2014 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 2015**

(The figures have not been audited)

	Current Year Period ended 30.06.15 RM'000	Preceding Year Period ended 30.06.14 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,596	3,303
Non-cash items	2,714	2,850
Non-operating items	513	839
Operating profit before working capital changes	<u>4,823</u>	<u>6,992</u>
Inventories	667	842
Trade and other receivables	(528)	1,626
Trade and other payables	(430)	977
Cash generated from operations	<u>4,532</u>	<u>10,437</u>
Land held for development	(3,768)	(53)
Tax paid	(373)	(411)
Tax refund	369	81
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>760</u>	<u>10,054</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(334)	(904)
Interest received	18	35
Proceeds from disposal of property, plant and equipment	26	20
NET CASH USED IN INVESTING ACTIVITIES	<u>(290)</u>	<u>(849)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(172)	(18)
Interest paid	(850)	(901)
Term loan drawn down	378	-
Repayment of hire purchase payables	(811)	(937)
Repayment of term loans	(979)	(937)
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,434)</u>	<u>(2,793)</u>
Net (decrease)/increase in cash and cash equivalents	(1,964)	6,412
Cash and cash equivalents at beginning of the financial period	(2,053)	(9,034)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>(4,017)</u>	<u>(2,622)</u>

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

Bank overdrafts	(9,737)	(8,820)
Cash and bank balances	5,593	6,075
Fixed deposits	1,074	772
Short term funds	127	123
	<u>(2,943)</u>	<u>(1,850)</u>
Less: Fixed deposits pledged to a bank for credit facilities	(1,074)	(772)
	<u>(4,017)</u>	<u>(2,622)</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2015

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 2014. 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 2014.

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 2014, except for the adoption of the MFRSs, amendments and interpretations which are effective from the annual period beginning 1 January 2015.

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 2014 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 2015.

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 2015.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2015

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 30 June 2015.

A9. Segmental Reporting

For the financial period ended 30 June 2015, the Group's financial information is analysed by operating segments as follows:

Financial period ended 30 June 2015:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	12,817	-	-	-	12,817
Exports	33,057	-	-	-	33,057
	<u>45,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,874</u>
Results					
Segment Results	3,972	(872)	(554)	-	2,546
Finance costs	(948)	-	(2)	-	(950)
Profit/(Loss) before taxation	3,024	(872)	(556)	-	1,596
Taxation	(411)	-	-	-	(411)
Profit/(Loss) after taxation	<u>2,613</u>	<u>(872)</u>	<u>(556)</u>	<u>-</u>	<u>1,185</u>
Net Assets as at 30 June 2015	<u>48,951</u>	<u>(1,948)</u>	<u>47,545</u>	<u>(24,490)</u>	<u>70,058</u>

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>

A10. Material Events Subsequent to the End of the Period

Except as disclosed below, 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:

The High Court of Malaya had on 12 August 2015 granted an order confirming the par value reduction of the issued and paid-up share capital of the Company via the cancellation of RM0.40 of the par value of very existing ordinary share of RM0.50 each to RM0.10 each. The sealed order would be extracted and would be lodged with the Companies Commission of Malaysia for the par value reduction to take effect.

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 2015

A12. Contingent Liabilities and Contingent Assets

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

	As at 30.06.15 RM'000
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>114,010</u>

A13. Capital Commitments

	As at 30.06.15 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>-</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2015

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

B1. Review of Performance

	Current Quarter ended 30.06.15 RM'Million	Preceding Year Corresponding Quarter ended 30.06.14 RM'Million	Current Year Period ended 30.06.15 RM'Million	Preceding Year Period ended 30.06.14 RM'Million
Revenue	20.7	27.7	45.9	58.0
Profit before taxation	0.5	1.9	1.6	3.3

The Group recorded a revenue of RM45.9 million, a decline of 20.8% from the previous year's correspondence period of RM58.0 million. The Group encountered weak demand from both the export and local markets. Global demand of our products decreased amid weak crude and commodity prices while the local market was affected as consumers adjusted to the impact of the goods and services tax (GST) which kicked in in April 2015.

In tandem with a lower revenue, the Group achieved profit before taxation of RM1.6 million in the current period against the preceding year's corresponding period of RM3.3 million. Gross profit margin improved with effective material controls and stronger USD against the Ringgit.

The property division is in the midst of obtaining final approvals from the relevant authorities to launch its inaugural residential project in Mukim Cheras, Kuala Lumpur. The project is scheduled to be launched by the end of 2015.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.06.15 RM'Million	Preceding Quarter ended 31.03.15 RM'Million
Revenue	20.7	25.1
Profit before taxation	0.5	1.1

The Group registered a decline in its second quarter revenue as compared to the previous quarter. Overall market activities had slowed down with fewer on-going projects.

Despite the low level of revenue, the Group managed to record profit before tax of RM0.5 million in the current quarter as compared to RM1.1 million in the previous quarter. The appreciation of USD against RM benefitted the Group as its export sales were mainly denominated in USD.

B3. Profit for the Quarter/Period

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

	Current Year Quarter ended 30.06.15 RM'000	Preceding Year Corresponding Quarter ended 30.06.14 RM'000	Current Year Period ended 30.06.15 RM'000	Preceding Year Period ended 30.06.14 RM'000
Interest Income	(10)	(7)	(18)	(35)
Other income including investment income	-	(8)	(1)	(8)
Interest expense	430	458	850	901
Depreciation & amortisation	1,359	1,322	2,714	2,632
Provision for and write-off receivables	-	217	-	217
Foreign exchange (gain)/loss	(355)	(33)	(465)	(82)
Loss/(Gain) on derivatives	58	17	33	(119)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2015

B4. Current Year Prospects

The second half of the year will be more challenging due to uncertain global market conditions amid weak oil and commodity prices. At the local front, declining demand is expected to continue into the third quarter, given that the current sentiment was being affected by the weakening ringgit.

Against the current economic backdrop, EURO will develop marketing strategies to respond accordingly to the challenging business environment. We will continue to apply cost-control measures and to achieve higher operational efficiency. The Group will launch its residential development project which is in a good location with great accessibility.

B5. Variance of Actual and Forecast Profit

Not applicable as there is no profit forecast or profit guarantee issued.

B6. Corporate Proposal

Corporate proposals announced but not completed as at 18 August 2015, being a date not earlier than 7 days from the date of this report are as follows:

On 29 April 2015, TA Securities Holdings Berhad announced on behalf of the Board of Directors of EURO that the Company proposed to undertake the following proposals:

- i) proposed reduction of the issued and paid-up share capital of EURO via the cancellation of RM0.40 of the par value of every existing ordinary share of RM0.50 each to RM0.10 each in EURO ("Euro Share") pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction");
- ii) proposed bonus issue of 162,000,000 new Euro Shares ("Bonus Shares") on the basis of two (2) Bonus Shares for every one (1) existing Euro Share held at an entitlement date to be determined later after the Proposed Par Value Reduction ("Proposed Bonus Issue of Shares");
- iii) proposed private placement of up to 24,300,000 new Euro Shares ("Placement Shares"), representing not more than ten percent (10%) of the enlarged issued and paid-up share capital of Euro (excluding treasury shares, if any); and
- iv) proposed amendments to the Memorandum and Articles of Association of Euro to effect the Proposed Par Value Reduction ("Proposed Amendment").

Bursa Securities had, vide its letter dated 26 May 2015 approved the additional listing application for the Bonus Shares and Placement Shares.

On 25 June 2015, the Company had obtained shareholders' approval for the Proposed Par Value Reduction, Proposed Bonus Issue of Shares and Proposed Amendment.

On 12 August 2015, the High Court of Malaya had granted an order confirming the Par Value Reduction. The sealed order would be extracted and would be lodged with the Companies Commission of Malaysia for the Par Value Reduction to take effect.

B7. Taxation

	Current Year Quarter ended 30.06.15 RM'000	Preceding Year Corresponding Quarter ended 30.06.14 RM'000	Current Year period ended 30.06.15 RM'000	Preceding Year period ended 30.06.14 RM'000
<u>Current taxation</u>				
-current year	102	168	343	456
-prior year	-	4	-	7
	102	172	343	463
<u>Deferred taxation</u>				
-current year	28	307	68	319
	130	479	411	782

The effective tax rate for the period ended 30 June 2015 was slightly higher than the statutory income tax rate. The utilisation of deferred tax assets of certain subsidiaries which were not recognised previously were off-set by other loss making subsidiaries and non-allowable expenses for tax purposes.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2015

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2015 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	9,737	-	9,737
Bills payables	5,210	-	5,210
Term loans	2,069	9,835	11,904
Hire purchase payables	1,507	2,004	3,511
	18,523	11,839	30,362
	18,523	11,839	30,362

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 30.06.15 RM'000	As at 30.06.14 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	44,286	43,784
- unrealised	1,386	865
	45,672	44,649
Less: Consolidation adjustments	(20,166)	(20,181)
	25,506	24,468

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 2015 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 30 June 2015 RM'000	Fair Value Loss RM'000
Foreign currency forward contracts			
- Less than 1 year	8,460	8,571	111
	8,460	8,571	111

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 2015 (30 June 2014: Nil).

NOTES TO THE INTERIM FINANCIAL STATEMENTS - SECOND QUARTER ENDED 30 JUNE 2015

B13. Earnings Per Share

The earnings per share for the quarter ended 30 June 2015 is computed as follows:-

	Current Year Quarter ended 30.06.15	Preceding Year Corresponding Quarter ended 30.06.14	Current Year Period ended 30.06.15	Preceding Year Period ended 30.06.14
Profit for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	315	1,380	1,081	2,452
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings Per Share (sen)	0.39	1.70	1.33	3.03

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 2015.

By order of the Board
EURO HOLDINGS BERHAD

Tan Tong Lang

Company Secretary

(MAICSA 7045482)

Date: 25 August 2015