

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

(The figures have not been audited)

|  | Individual Quarter                            |  | Cumulative Quarter                            |   |
|--|---|--|---|---|
|  | Current Year<br>Quarter<br>30.09.12<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30.09.11<br>RM'000 | Current Year<br>To Date<br>30.09.12<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>30.09.11<br>RM'000 |
| <b>Continuing Operations:</b>  |   |  |   |   |
| Revenue  | 27,798  | 29,284   | 75,505  | 77,016  |
| Cost of sales  | (19,721)                                      | (21,840)   | (57,235)                                      | (60,961)  |
| Gross Profit   | <u>8,077</u>                                  | <u>7,444</u>   | <u>18,270</u>                                 | <u>16,055</u>   |
| Other Income   | 38  | 232  | 360   | 415   |
| Operating expenses   | (5,781)                                       | (5,419)  | (16,704)                                      | (16,385)  |
| Finance costs  | (597)   | (477)  | (1,792)                                       | (1,376)   |
| <b>Profit before taxation</b>  | <u>1,737</u>                                  | <u>1,780</u>   | <u>134</u>                                    | <u>(1,291)</u>  |
| Taxation   | (619)   | (743)  | (602)   | (245)   |
| <b>Profit/(Loss) for the period</b>  | <u>1,118</u>                                  | <u>1,037</u>   | <u>(468)</u>                                  | <u>(1,536)</u>  |
| Other Comprehensive Income ("OCI")   | -   | -  | -   | -   |
| <b>Total Comprehensive Profit/(Loss) for the period,<br/>attributable to Equity holders of the Company</b> | <u>1,118</u>                                  | <u>1,037</u>   | <u>(468)</u>                                  | <u>(1,536)</u>  |
| <b>Earnings/(Loss) per share</b>   |   |  |   |   |
| - Earnings/(Loss) per share (sen)  | <u>1.38</u>                                   | <u>1.28</u>  | <u>(0.58)</u>                                 | <u>(1.90)</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 2011 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 2012**

(The figures have not been audited)

|   | (Unaudited)<br>As At End<br>of Current<br>Period<br>30.09.12<br>RM'000 | (Audited)<br>As At End of<br>Preceding<br>Financial<br>Year<br>31.12.11<br>RM'000 |
|---|--|---|
| <b>ASSETS</b>   |  |   |
| <b>Non-current assets</b>                                   |  |   |
| Property, plant and equipment                               | 64,783   | 65,071  |
| Land held for development                                   | 8,416  | 7,984   |
| Deferred taxation   | 2,451  | 2,914   |
|   | <u>75,650</u>  | <u>75,969</u>   |
| <b>Current assets</b>                                       |  |   |
| Inventories   | 16,273   | 15,743  |
| Trade receivables   | 29,675   | 33,364  |
| Other receivables, deposits and prepayments                 | 1,588  | 1,222   |
| Tax recoverable   | 1,402  | 1,238   |
| Forward exchange contracts                                  | 83   | 38  |
| Fixed deposit   | 748  | 242   |
| Short term funds  | 118  | 116   |
| Cash and bank balances                                      | 7,505  | 3,601   |
|   | <u>57,392</u>  | <u>55,564</u>   |
| <b>TOTAL ASSETS</b>   | <u>133,042</u>   | <u>131,533</u>  |
| <b>EQUITY AND LIABILITIES</b>                               |  |   |
| <b>Equity attributable to equity holders of the Company</b> |  |   |
| Share capital   | 40,500   | 40,500  |
| Reserves  | 25,450   | 25,918  |
| <b>Shareholders' equity</b>                                 | <u>65,950</u>  | <u>66,418</u>   |
| <b>Non-current liabilities</b>                              |  |   |
| Term loans  | 14,858   | 15,584  |
| Hire purchase payables                                      | 2,819  | 2,126   |
|   | <u>17,677</u>  | <u>17,710</u>   |
| <b>Current liabilities</b>                                  |  |   |
| Trade payables  | 15,224   | 16,671  |
| Other payables and accruals                                 | 9,113  | 7,851   |
| Amount due to directors                                     | 24   | 37  |
| Hire purchase payables                                      | 1,928  | 1,948   |
| Short term borrowings                                       | 23,061   | 20,535  |
| Provision for taxation                                      | 65   | 363   |
|   | <u>49,415</u>  | <u>47,405</u>   |
| <b>Total liabilities</b>                                    | <u>67,092</u>  | <u>65,115</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <u>133,042</u>   | <u>131,533</u>  |
| Net Assets Per Share (RM)                                   | 0.81   | 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 2011 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 2012**  
(The figures have not been audited)

|   | <---Attributable to Equity Holders of the Company---> |                            |                             | Total<br>Equity<br>RM'000 |
|---|---|----------------------------|-----------------------------|---------------------------|
|   | <u>Non-distributable</u>                              |                            | <u>Distributable</u>        |                           |
|   | Share<br>Capital<br>RM'000                            | Share<br>Premium<br>RM'000 | Retained Earnings<br>RM'000 |                           |
| <b>At 1 January 2012</b>                | 40,500  | 3,844                      | 22,074                      | 66,418                    |
| Total comprehensive loss for the period | -   | -                          | (468)                       | (468)                     |
| <b>At 30 September 2012</b>             | <u>40,500</u>   | <u>3,844</u>               | <u>21,606</u>               | <u>65,950</u>             |
| <br>                                    |   |                            |                             |                           |
| <b>At 1 January 2011</b>                | 40,500  | 3,844                      | 21,949                      | 66,293                    |
| Total comprehensive loss for the period | -   | -                          | (1,536)                     | (1,536)                   |
| <b>At 30 September 2011</b>             | <u>40,500</u>   | <u>3,844</u>               | <u>20,413</u>               | <u>64,757</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 2011 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 2012**

(The figures have not been audited)

|  | Current Year<br>Period<br>ended<br>30.09.12<br>RM'000 | Preceding Year<br>Period<br>ended<br>30.09.11<br>RM'000 |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |   |   |
| Profit/(Loss) before taxation                                    | 134   | (1,291)   |
| Non-cash items   | 3,928   | 3,807   |
| Non-operating items  | 1,599   | 1,152   |
| Operating profit before working capital changes                  | <u>5,661</u>  | <u>3,668</u>  |
| Inventories  | (530)   | (996)   |
| Trade and other receivables                                      | 3,165   | (504)   |
| Trade and other payables   | (1,347)   | 8,532   |
| Cash generated from operations                                   | <u>6,949</u>  | <u>10,700</u>   |
| Land held for development  | (432)   | (7,418)   |
| Tax paid   | (669)   | (605)   |
| Tax refund   | 68  | 94  |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>              | <u>5,916</u>  | <u>2,771</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |   |   |
| Acquisition of property, plant and equipment                     | (1,235)   | (1,554)   |
| Interest received  | 9   | 11  |
| Proceeds from disposal of property, plant and equipment          | -   | 258   |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                     | <u>(1,226)</u>  | <u>(1,285)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |   |   |
| Dividend paid  | -   | (5)   |
| Drawdown of term loan  | 554   | -   |
| Fixed deposit pledged  | (506)   | (5)   |
| Interest paid  | (1,585)   | (1,163)   |
| Repayment of hire purchase payables                              | (1,680)   | (1,420)   |
| Repayment of term loans  | (1,231)   | (1,407)   |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                     | <u>(4,448)</u>  | <u>(4,000)</u>  |
| Net increase/(decrease) in cash and cash equivalents             | 242   | (2,514)   |
| Cash and cash equivalents at beginning of the financial period   | (6,282)   | (2,041)   |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*</b> | <u>(6,040)</u>  | <u>(4,555)</u>  |

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

|   |                |                |
|---|----------------|----------------|
| Bank overdrafts   | (13,662)       | (10,867)       |
| Cash and bank balances                                      | 7,504          | 6,197          |
| Fixed deposit   | 748            | 241            |
| Short term funds  | 118            | 115            |
|   | <u>(5,292)</u> | <u>(4,314)</u> |
| Less: Fixed deposit pledged to a bank for credit facilities | (748)          | (241)          |
|   | <u>(6,040)</u> | <u>(4,555)</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 2011 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 2012**

**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. For the periods up to and including the year ended 31 December 2011, the Company and its subsidiary companies (hereinafter referred to as the "Group") prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

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 2012. 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 2011.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the interim financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with MFRS Framework will be determined when the process is complete.

**A2. Significant Accounting Policies**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. 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 2011, except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2012.

**A3. Auditors' Report**

The auditors' report on the financial statements for the financial year ended 31 December 2011 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 2012.

**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 results.

**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 2012.

**EURO HOLDINGS BERHAD**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2012****A8. Dividends Paid**

No dividends were paid by the Company in the current quarter and period ended 30 September 2012.

**A9. Segmental Reporting**

For the financial period ended 30 September 2012, the Group's financial information is analysed by operating segments as follows:

**Financial period ended 30 September 2012:**

|   | <b>Manufacturing<br/>RM'000</b> | <b>Property<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------------|----------------------------|--|-------------------------------|-------------------------|
| <b>Revenue</b>                            |                                 |                            |  |                               |                         |
| Local                                     | 24,802                          | -                          | -  | -                             | 14,677                  |
| Exports                                   | 50,703                          | -                          | -  | -                             | 50,703                  |
|   | <u>75,505</u>                   | <u>-</u>                   | <u>-</u>                                 | <u>-</u>                      | <u>75,505</u>           |
| <b>Results</b>                            |                                 |                            |  |                               |                         |
| Segment Results                           | 2,616                           | (225)                      | (465)                                    | -                             | 1,926                   |
| Finance costs                             | (1,779)                         | (1)                        | (12)                                     | -                             | (1,792)                 |
| Profit/Loss before taxation               | 837                             | (226)                      | (477)                                    | -                             | 134                     |
| Taxation                                  | (603)                           | -                          | 1  | -                             | (602)                   |
| Profit/(Loss) after taxation              | <u>234</u>                      | <u>(226)</u>               | <u>(476)</u>                             | <u>-</u>                      | <u>(468)</u>            |
| <b>Net Assets as at 30 September 2012</b> | <u>44,665</u>                   | <u>131</u>                 | <u>45,818</u>                            | <u>(24,528)</u>               | <u>66,086</u>           |

**Financial period ended 30 September 2011:**

|   | <b>Manufacturing<br/>RM'000</b> | <b>Property<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------------|----------------------------|--|-------------------------------|-------------------------|
| <b>Revenue</b>                            |                                 |                            |  |                               |                         |
| Local                                     | 35,633                          | -                          | -  | -                             | 35,633                  |
| Exports                                   | 41,383                          | -                          | -  | -                             | 41,383                  |
|   | <u>77,016</u>                   | <u>-</u>                   | <u>-</u>                                 | <u>-</u>                      | <u>77,016</u>           |
| <b>Results</b>                            |                                 |                            |  |                               |                         |
| Segment Results                           | 701                             | (111)                      | (505)                                    | -                             | 85                      |
| Finance costs                             | (1,360)                         | -                          | (16)                                     | -                             | (1,376)                 |
| Loss before taxation                      | (659)                           | (111)                      | (521)                                    | -                             | (1,291)                 |
| Taxation                                  | 149                             | -                          | 96                                       | -                             | 245                     |
| Loss after taxation                       | <u>(510)</u>                    | <u>(111)</u>               | <u>(425)</u>                             | <u>-</u>                      | <u>(1,536)</u>          |
| <b>Net Assets as at 30 September 2011</b> | <u>43,703</u>                   | <u>389</u>                 | <u>45,113</u>                            | <u>(24,448)</u>               | <u>64,757</u>           |

The corresponding period's segment analysis had been represented to conform with current period's presentation.

**A10. Material Events Subsequent to the End of the Quarter**

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 and financial period under review.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2012**

**A12. Contingent Liabilities and Contingent Assets**

The Group has no material contingent liabilities and contingent assets since the quarter and financial period ended 30 September 2012 to 20 November 2012, being a date not earlier than 7 days from the date of this report, save for the following :

|  | <b>As at<br/>20.11.12<br/>RM'000</b> |
|--|--------------------------------------|
| <u>Company</u>   |                                      |
| <u>Contingent Liabilities (Unsecured)</u>  |                                      |
| - Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies | <u>81,896</u>                        |

**A13. Capital Commitments**

|                                 | <b>As at<br/>30.09.12<br/>RM'000</b> |
|---------------------------------|--------------------------------------|
| Property, plant and machinery   |                                      |
| Contracted but not provided for | <u>359</u>                           |

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2012****PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance**

|                                      | <b>Current Quarter<br/>ended<br/>30.09.12<br/>RM'Million</b> | <b>Preceding Year<br/>Corresponding<br/>Quarter ended<br/>30.09.11<br/>RM'Million</b> | <b>Current Year<br/>Period ended<br/>30.09.12<br/>RM'Million</b> | <b>Preceding Year<br/>Period ended<br/>30.09.11<br/>RM'Million</b> |
|--------------------------------------|--|---|--|--|
| <b>Revenue</b>                       | 27.8   | 29.3  | 75.5   | 77.0   |
| <b>Profit/(Loss) before taxation</b> | 1.7  | 1.8   | 0.1  | (1.3)  |

The Group recorded a revenue of RM27.8 million (2011: RM29.3 million) in the current quarter. Revenue for the 6 month period of RM75.5 million was also lower by RM1.5 million as compared to the preceding year's corresponding period of RM77.0 million.

Eventhough revenue was slightly lower than the preceeding year's corresponding period, the Group managed to record a profit before taxation due to better margin achieved with improved product mix and higher operational efficiency.

The Group's property division is currently awaiting the necessary approvals from the relevant authorities for its development project.

**B2. Variation of Results Against Preceding Quarter**

|                               | <b>Current<br/>Quarter ended<br/>30.09.12<br/>RM'Million</b> | <b>Preceding<br/>Quarter ended<br/>30.06.12<br/>RM'Million</b> |
|-------------------------------|--|--|
| <b>Revenue</b>                | 27.8   | 29.4   |
| <b>Profit before taxation</b> | 1.7  | 1.6  |

The Group recorded a slightly higher profit before taxation of RM1.7 million from a turnover of RM27.8 million, as compared to a profit before taxation of RM1.6 million on the back of a turnover of RM29.4 million in the previous quarter. Local sales improved in the current quarter with the successful securement and completion of some big projects.

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

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

|  | <b>Current Year<br/>Quarter ended<br/>30.09.12<br/>RM'000</b> | <b>Preceding Year<br/>Corresponding<br/>Quarter ended<br/>30.09.11<br/>RM'000</b> | <b>Current Year<br/>Period ended<br/>30.09.12<br/>RM'000</b> | <b>Preceding Year<br/>Period ended<br/>30.09.11<br/>RM'000</b> |
|--|---|---|--|--|
| Interest Income                          | (3)   | (5)   | (9)  | (11)   |
| Other income including investment income | 3   | (91)  | (20)   | (114)  |
| Interest expense                         | 523   | 396   | 1,585  | 1,162  |
| Depreciation & amortisation              | 1,290   | 1,298   | 3,853  | 3,828  |
| Provision for bad debts                  | 127   | -   | 127  | -  |
| Foreign exchange (gain)/loss             | 89  | (278)   | (162)  | (294)  |
| (Gain)/ Loss on derivatives              | (93)  | 144   | (45)   | 149  |

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2012****B4. Current Year Prospects**

Business had improved in the second quarter as compared to the first quarter. However, the momentum achieved in the second quarter could not be sustained in the third quarter.

Despite the uncertainties, the Group remains hopeful to deliver positive financial results for the financial year ended 31 December 2012.

**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 November 2012, being a date not earlier than 7 days from the date of this report.

**B7. Taxation**

|                   | <b>Current Year<br/>Quarter ended<br/>30.09.12<br/>RM'000</b> | <b>Preceding Year<br/>Corresponding<br/>Quarter ended<br/>30.09.11<br/>RM'000</b> | <b>Current Year<br/>Period ended<br/>30.09.12<br/>RM'000</b> | <b>Preceding Year<br/>Period ended<br/>30.09.11<br/>RM'000</b> |
|-------------------|---|---|--|--|
| Current taxation  |   |   |  |  |
| -current year     | 101   | 884   | 130  | 1,069  |
| -prior year       | -   | -   | 9  | (108)  |
|                   | <u>101</u>  | <u>884</u>  | <u>139</u>   | <u>961</u>   |
| Deferred taxation |   |   |  |  |
| -current          | 523   | (141)   | 488  | (921)  |
| -prior year       | (5)   | -   | (25)   | 205  |
|                   | <u>518</u>  | <u>(141)</u>  | <u>463</u>   | <u>(716)</u>   |
| Total             | <u>619</u>  | <u>743</u>  | <u>602</u>   | <u>245</u>   |

The effective tax rate for the year ended 30 September 2012 was higher than the statutory income tax rate primarily due to non allowable expenses and non-recognition of deferred tax assets for certain subsidiaries.

**B8. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 September 2012 are as follows:

|                        | <b>Short Term<br/>RM'000</b> | <b>Long Term<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------------|------------------------------|-----------------------------|-------------------------|
| <b><u>Secured</u></b>  |                              |                             |                         |
| Overdrafts             | 13,662                       | -                           | 13,662                  |
| Bills payables         | 7,667                        | -                           | 7,667                   |
| Term loans             | 1,732                        | 14,858                      | 16,590                  |
| Hire purchase payables | 1,928                        | 2,819                       | 4,747                   |
|                        | <u>24,989</u>                | <u>17,677</u>               | <u>42,666</u>           |

All borrowings of the Group are denominated in Ringgit Malaysia.

**B9. Realised/Unrealised profits**

|   | <b>As at<br/>30.09.12<br/>RM'000</b> | <b>As at<br/>30.09.11<br/>RM'000</b> |
|---|--------------------------------------|--------------------------------------|
| Total retained earnings of the Company and its subsidiaries |                                      |                                      |
| - realised  | 39,227                               | 37,082                               |
| - unrealised  | 2,493                                | 3,365                                |
|   | <u>41,720</u>                        | <u>40,447</u>                        |
| Less: Consolidation adjustments                             | (20,114)                             | (20,034)                             |
| Total retained earnings as per consolidated accounts        | <u>21,606</u>                        | <u>20,413</u>                        |

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2012****B10. Derivative Financial Instruments**

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD 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 2012 are as follows:

| <u>Type of instruments</u>                               | <b>Contract/Notional<br/>Amount<br/>RM'000</b> | <b>Value as at<br/>30 September<br/>2012<br/>RM'000</b> | <b>Fair Value Loss<br/>RM'000</b> |
|--|--|---|-----------------------------------|
| Foreign currency forward contracts<br>- Less than 1 year | 3,256  | 3,172   | 84                                |

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 2012 (30 September 2011: Nil).

**B13. Earnings/(Loss) Per Share**

The earnings/(loss) per share for the quarter and period ended 30 September 2012 is computed as follows:-

|   | <b>Current Year<br/>Quarter ended<br/>30.09.12</b> | <b>Preceding Year<br/>Corresponding<br/>Quarter ended<br/>30.09.11</b> | <b>Current Year<br/>Period ended<br/>30.09.12</b> | <b>Preceding Year<br/>Period ended<br/>30.09.11</b> |
|---|--|--|---|---|
| Profit/(Loss) for the period, attributable to ordinary shareholders of the Company (RM'000) | 1,118  | 1,037  | (468)   | (1,536)   |
| Weighted average number of shares of RM0.50 each in issue ('000)                            | 81,000   | 81,000   | 81,000  | 81,000  |
| Earnings/(Loss) Per Share (sen)   | 1.38   | 1.28   | (0.58)  | (1.90)  |

There is no diluted earnings/(loss) per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 30 September 2012.

By order of the Board  
**EURO HOLDINGS BERHAD**

Tai Keat Chai

Company Secretary  
(MIA 1688)

Date: 26 November 2012