

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.13 RM'000	Preceding Year Corresponding Quarter 30.09.12 RM'000	Current Year To Date 30.09.13 RM'000	Preceding Year Corresponding Period 30.09.12 RM'000
Continuing Operations:				
Revenue	22,156	27,798	70,373	75,505
Cost of sales	(17,042)	(19,721)	(53,953)	(57,235)
Gross profit	<u>5,114</u>	<u>8,077</u>	<u>16,420</u>	<u>18,270</u>
Other income	270	38	848	360
Operating expenses	(5,784)	(5,781)	(16,964)	(16,704)
Finance costs	(533)	(597)	(1,634)	(1,792)
(Loss)/Profit before taxation	<u>(933)</u>	<u>1,737</u>	<u>(1,330)</u>	<u>134</u>
Taxation	(150)	(619)	(328)	(602)
(Loss)/ Profit for the period	<u>(1,083)</u>	<u>1,118</u>	<u>(1,658)</u>	<u>(468)</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive (loss)/income for the period	<u><u>(1,083)</u></u>	<u><u>1,118</u></u>	<u><u>(1,658)</u></u>	<u><u>(468)</u></u>
Attributable to:				
Owners of the Company	(1,149)	-	(1,803)	-
Non-controlling interest	66	-	145	-
	<u>(1,083)</u>	<u>-</u>	<u>(1,658)</u>	<u>-</u>
Earnings per share				
- Earnings per share (sen)	<u>(1.42)</u>	<u>1.38</u>	<u>(2.23)</u>	<u>(0.58)</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 2012 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 2013

(The figures have not been audited)

	(Unaudited) As At End of Current Period Year 30.09.13 RM'000	(Audited) As At End of Preceding Financial Year 31.12.12 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	63,954	64,511
Land held for development	8,941	8,514
Deferred taxation	2,419	2,351
	<u>75,314</u>	<u>75,376</u>
Current assets		
Inventories	17,951	15,810
Trade receivables	25,054	30,391
Other receivables, deposits and prepayments	1,681	1,457
Tax recoverable	1,277	1,381
Forward exchange contracts	-	34
Fixed deposit	754	748
Short term funds	121	118
Cash and bank balances	2,804	3,744
	<u>49,642</u>	<u>53,683</u>
TOTAL ASSETS	<u>124,956</u>	<u>129,059</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	21,844	23,546
Non-controlling interest	124	-
Total equity	<u>66,312</u>	<u>67,890</u>
Non-current liabilities		
Term loans	12,998	14,402
Hire purchase payables	3,531	3,114
	<u>16,529</u>	<u>17,516</u>
Current liabilities		
Trade payables	12,048	13,643
Other payables and accruals	7,318	5,899
Amount due to directors	25	35
Hire purchase payables	1,681	1,855
Short term borrowings	20,841	22,156
Provision for taxation	155	65
Forward exchange contracts	47	-
	<u>42,115</u>	<u>43,653</u>
Total liabilities	<u>58,644</u>	<u>61,169</u>
TOTAL EQUITY AND LIABILITIES	<u>124,956</u>	<u>129,059</u>
Net Assets Per Share (RM)	0.82	0.84

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 2012 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 2013
(The figures have not been audited)**

	/--Attributable to Equity Holders of the Company--/					Total Equity RM'000
	/--Non-distributable--/ Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	
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)
Changes in ownership 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>
At 1 January 2012	40,500	3,844	22,074	66,418	-	66,418
Total comprehensive loss for the period	-	-	(468)	(468)	-	(468)
At 30 September 2012	<u>40,500</u>	<u>3,844</u>	<u>21,606</u>	<u>65,950</u>	<u>-</u>	<u>65,950</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 2012 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 2013**

(The figures have not been audited)

	Current Year Period ended 30.09.13 RM'000	Preceding Year Period ended 30.09.12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,330)	134
Non-cash items	3,967	3,928
Non-operating items	1,175	1,599
Operating profit before working capital changes	<u>3,812</u>	<u>5,661</u>
Inventories	(2,141)	(530)
Trade and other receivables	5,394	3,165
Trade and other payables	(1,747)	(1,347)
Cash generated from operations	<u>5,318</u>	<u>6,949</u>
Land held for development	(427)	(432)
Tax paid	(350)	(669)
Tax refund	147	68
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>4,688</u>	<u>5,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,819)	(1,235)
Interest received	8	9
Proceeds from disposal of property, plant and equipment	307	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,504)</u>	<u>(1,226)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	- ##	554
Fixed deposit pledged	(7)	(506)
Interest paid	(1,440)	(1,585)
Proceeds from issuance of shares to non-controlling interest	80	-
Repayment of hire purchase payables	(1,513)	(1,680)
Repayment of term loans	(1,313)	(1,231)
NET CASH USED IN FINANCING ACTIVITIES	<u>(4,193)</u>	<u>(4,448)</u>
Net (decrease)/increase in cash and cash equivalents	(1,009)	242
Cash and cash equivalents at beginning of the financial period	(8,527)	(6,282)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>(9,536)</u>	<u>(6,040)</u>

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

Bank overdrafts	(12,461)	(13,662)
Cash and bank balances	2,804	7,504
Fixed deposits	754	748
Short term funds	121	118
	<u>(8,782)</u>	<u>(5,292)</u>
Less: Fixed deposits pledged to a bank for credit facilities	(754)	(748)
	<u>(9,536)</u>	<u>(6,040)</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 2012 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 2013

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 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 2012.

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 2012, except for the adoption of the MFRSs, amendments and interpretations which are effective from the annual period beginning 1 January 2013.

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 2012 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, due to the continued weak global market sentiment, sales is likely to remain flat for the second half of 2013.

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 2013.

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 period 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 2013.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2013

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 30 September 2013.

A9. Segmental Reporting

For the financial period ended 30 September 2013, the Group's financial information is analysed by operating segments as follows:

Financial period ended 30 September 2013:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total 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)
Profit/(Loss) before taxation	(549)	(317)	(464)	-	(1,330)
Taxation	(329)	-	1	-	(328)
	<u>(878)</u>	<u>(317)</u>	<u>(463)</u>	<u>-</u>	<u>(1,658)</u>
Net Assets as at 30 September 2013	<u>45,072</u>	<u>(326)</u>	<u>46,068</u>	<u>(24,502)</u>	<u>66,312</u>

Financial period ended 30 September 2012:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	24,802	-	-	-	24,802
Exports	50,703	-	-	-	50,703
	<u>75,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,505</u>
Results					
Segment Results	2,616	(225)	(465)	-	1,926
Finance costs	(1,779)	(1)	(12)	-	(1,792)
Loss before taxation	837	(226)	(477)	-	134
Taxation	(603)	-	1	-	(602)
Loss after taxation	<u>234</u>	<u>(226)</u>	<u>(476)</u>	<u>-</u>	<u>(468)</u>
Net Assets as at 30 September 2012	<u>44,539</u>	<u>119</u>	<u>45,820</u>	<u>(24,528)</u>	<u>65,950</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, except for the following:

On 1 March 2013, Eurosteel System Sdn Bhd ("Eurosteel"), a subsidiary incorporated in Malaysia, increased its issued and paid up share capital to 330,000 ordinary shares of RM1 each by way of an allotment of 80,000 new ordinary shares of RM1 each to a third party. As a result of this allotment, the Group's effective equity interest in Eurosteel has been diluted from 100% to 75.76%.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2013

A12. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the financial period ended 30 September 2013 to 20 November 2013, being a date not earlier than 7 days from the date of this report, save for the following :

<u>Company</u>	As at 20.11.13 RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>85,763</u>

A13. Capital Commitments

	As at 30.09.13 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>123</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

B1. Review of Performance

	Current Quarter ended 30.09.13 RM'Million	Preceding Year Corresponding Quarter ended 30.09.12 RM'Million	Current Year Period ended 30.09.13 RM'Million	Preceding Year Period ended 30.09.12 RM'Million
Revenue	22.1	27.8	70.3	75.5
Profit before taxation	(0.9)	1.7	(1.3)	0.1

Revenue for the current quarter closed at RM22.1 million. This was 20.5% or RM5.7 million lower than the previous year's corresponding quarter. The exports market underperformed due to decline in demand in some of the Asian countries that we export to.

Margin was also affected with higher labour cost with the implementation of the minimum wages for labour and higher absorption of fixed overheads with lower output in the quarter.

As a result of soft demand in the last two quarters, the Group registered a cumulative revenue of RM70.3 million which was a decline of 6.9% from the preceding year's corresponding period. The reduction in revenue and lower margin due to the above-mentioned factors had affected the profit margin of the Group. Last year's margin was also comparatively higher due to the supply of an overseas high value project with very favourable margin.

The Group's property division is in the process of obtaining the necessary approval from the relevant authorities on its development project.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.09.13 RM'Million	Preceding Quarter ended 30.06.13 RM'Million
Revenue	22.1	24.0
Profit before taxation	(0.9)	(0.7)

Turnover for the current quarter was RM1.9 million lower than the preceding quarter. Export sales decreased due to lower demand from some of the Asian countries, and the slower than expected recovery of the European economies further adversely affected the Group's export sales. Consequently, loss before taxation increased to RM0.9 million in the current quarter.

B3. Loss/Profit for the Quarter/Period

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

	Current Year Quarter ended 30.09.13 RM'000	Preceding Year Corresponding Quarter ended 30.09.12 RM'000	Current Year Period ended 30.09.13 RM'000	Preceding Year Period ended 30.09.12 RM'000
Interest Income	(3)	(3)	(8)	(9)
Other income including investment income	(71)	3	(172)	(20)
Interest expense	478	523	1,440	1,585
Depreciation & amortisation	1,361	1,290	3,967	3,853
Provision for bad debts	-	127	-	127
Foreign exchange (gain)/loss	(208)	89	(628)	(162)
Loss/(Gain) on derivatives	61	(93)	81	(45)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2013

B4. Current Year Prospects

There are more local projects for the final quarter while exports sales is projected to remain low. Thus, the Group expects to achieve a higher turnover than the current quarter. The Group will endeavor to contain its cost to improve its margin.

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 2013, being a date not earlier than 7 days from the date of this report.

B7. Taxation

	Current Year Quarter ended 30.09.13 RM'000	Preceding Year Corresponding Quarter ended 30.09.12 RM'000	Current Year period ended 30.09.13 RM'000	Preceding Year period ended 30.09.12 RM'000
Current taxation				
-current year	77	101	433	130
-prior year	-	-	(36)	9
	<u>77</u>	<u>101</u>	<u>397</u>	<u>139</u>
Deferred taxation				
-current	73	523	(32)	488
-prior year	-	(5)	(37)	(25)
	<u>73</u>	<u>518</u>	<u>(69)</u>	<u>463</u>
Total	<u>150</u>	<u>619</u>	<u>328</u>	<u>602</u>

The effective tax rate for the quarter ended 30 September 2013 was higher than the statutory income tax rate primarily due to non-recognition of deferred tax assets of certain subsidiaries and non-deductible expenses.

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2013 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	12,461	-	12,461
Bills payables	6,527	-	6,527
Term loans	1,853	12,998	14,851
Hire purchase payables	1,681	3,531	5,212
	<u>22,522</u>	<u>16,529</u>	<u>39,051</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 30.09.13 RM'000	As at 30.09.12 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	39,356	39,227
- unrealised	2,623	2,493
	<u>41,979</u>	<u>41,720</u>
Less: Consolidation adjustments	(20,135)	(20,114)
Total retained earnings as per consolidated accounts	<u>21,844</u>	<u>21,606</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2013

B10. Derivative Financial Instruments

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD, EURO 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 2013 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 30 September 2013 RM'000	Fair Value Loss RM'000
Foreign currency forward contracts - Less than 1 year	6,614	6,661	(47)

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 2013 (30 September 2012: Nil).

B13. Earnings Per Share

The earnings per share for the quarter ended 30 September 2013 is computed as follows:-

	Current Year Quarter ended 30.09.13	Preceding Year Corresponding Quarter ended 30.09.12	Current Year Period ended 30.09.13	Preceding Year Period ended 30.09.12
(Loss)/Profit for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	(1,149)	1,118	(1,803)	(468)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings Per Share (sen)	(1.42)	1.38	(2.23)	(0.58)

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 2013.

By order of the Board
EURO HOLDINGS BERHAD

Lim Hooi Chin

Company Secretary
(MIA 1688)

Date: 27 November 2013