

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31/12/2016	Quarter	31/12/2016	Period
	RM'000	31/12/2015	RM'000	31/12/2015
		RM'000		RM'000
Continuing Operations:				
Revenue	18,346	26,775	84,265	92,487
Cost of sales	(10,566)	(18,745)	(55,827)	(63,715)
Gross profit	<u>7,780</u>	<u>8,030</u>	<u>28,438</u>	<u>28,772</u>
Other income	512	(427)	1,353	668
Operating expenses	(7,420)	(5,772)	(24,011)	(23,723)
Finance costs	(491)	(465)	(1,941)	(1,881)
Profit before taxation	<u>381</u>	<u>1,366</u>	<u>3,839</u>	<u>3,836</u>
Taxation	487	(558)	(549)	(1,304)
Profit for the period	<u>868</u>	<u>808</u>	<u>3,290</u>	<u>2,532</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income for the period	<u><u>868</u></u>	<u><u>808</u></u>	<u><u>3,290</u></u>	<u><u>2,532</u></u>
Attributable to:				
Owners of the Company	1,478	693	3,779	2,147
Non-controlling interest	(610)	115	(489)	385
	<u>868</u>	<u>808</u>	<u>3,290</u>	<u>2,532</u>
Earnings per share				
- Earnings per share (sen)*	<u>0.61</u>	<u>0.29</u>	<u>1.56</u>	<u>0.88</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(The figures have not been audited)

	(Unaudited) As At End of Current Year 31/12/2016 RM'000	(Audited) As At End of Preceding Financial Year 31/12/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	52,327	56,458
Deferred taxation	702	703
	<u>53,029</u>	<u>57,161</u>
Current assets		
Property development cost	58,069	21,880
Inventories	14,911	15,270
Trade receivables	21,221	25,176
Other receivables, deposits and prepayments	1,666	1,462
Tax recoverable	991	469
Fixed deposit	1,641	1,266
Forward exchange contracts	-	69
Short term funds	132	129
Cash and bank balances	5,215	3,635
	<u>103,846</u>	<u>69,356</u>
TOTAL ASSETS	<u><u>156,875</u></u>	<u><u>126,517</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	24,300	24,300
Share Premium	19,728	19,728
Retained Earnings	30,351	26,572
	<u>74,379</u>	<u>70,600</u>
Non-controlling interest	-	489
Total equity	<u>74,379</u>	<u>71,089</u>
Non-current liabilities		
Term loans	32,583	11,620
Hire purchase payables	554	1,439
	<u>33,137</u>	<u>13,059</u>
Current liabilities		
Trade payables	19,035	10,098
Other payables and accruals	16,296	15,207
Amount due to director	22	37
Bank overdrafts	5,555	8,415
Bills payable	5,189	5,515
Hire purchase payables	953	1,518
Term loans	1,975	1,579
Forward exchange contracts	264	-
Provision for taxation	70	-
	<u>49,359</u>	<u>42,369</u>
Total liabilities	<u>82,496</u>	<u>55,428</u>
TOTAL EQUITY AND LIABILITIES	<u><u>156,875</u></u>	<u><u>126,517</u></u>
Net Assets Per Share (RM)	0.31	0.29

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 2015 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 FOURTH QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	/--Attributable to Equity Holders of the Company--/				Non- Controlling Interest	Total Equity
	/---Non-distributable---/	Distributable				
	Share Capital	Share Premium	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	24,300	19,728	26,572	70,600	489	71,089
Total comprehensive income for the period	-	-	3,779	3,779	(489)	3,290
At 31 December 2016	24,300	19,728	30,351	74,379	-	74,379
At 1 January 2015	40,500	3,844	24,425	68,769	104	68,873
Reduction of issued and paid up share capital via the cancellation of RM0.40 of the par value of every 1 existing ordinary share of RM0.50 each	(32,400)	32,400	-	-	-	-
Bonus issue of 2 bonus shares for every 1 existing share held	16,200	(16,200)	-	-	-	-
Less related expenses on share par value reduction and bonus issue	-	(316)	-	(316)	-	(316)
Total comprehensive income for the period	-	-	2,147	2,147	385	2,532
At 31 December 2015	24,300	19,728	26,572	70,600	489	71,089

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(The figures have not been audited)**

	Current Year ended 31/12/2016 RM'000	Preceding Year ended 31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,839	3,836
Non-cash items	4,906	5,332
Non-operating items	3,149	1,789
Operating profit before working capital changes	<u>11,894</u>	<u>10,957</u>
Inventories	359	(288)
Property development costs	(36,189)	-
Trade and other receivables	3,021	(4,370)
Trade and other payables	9,172	4,908
Cash generated from operations	<u>(11,743)</u>	<u>11,207</u>
Land held for development	-	(9,741)
Tax paid	(1,322)	(863)
Tax refund	322	374
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(12,743)</u>	<u>977</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(695)	(507)
Interest received	127	39
Proceeds from disposal of property, plant and equipment	12	100
NET CASH USED IN INVESTING ACTIVITIES	<u>(556)</u>	<u>(368)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(375)	(363)
Share par value reduction and bonus issue expenses	-	(316)
Interest paid	(1,709)	(1,662)
Repayment of hire purchase payables	(1,533)	(1,562)
Net drawdown/(repayment) of term loans	21,359	695
NET CASH USED IN FINANCING ACTIVITIES	<u>17,742</u>	<u>(3,208)</u>
Net (decrease)/increase in cash and cash equivalents	4,443	(2,599)
Cash and cash equivalents at beginning of the financial period	<u>(4,651)</u>	<u>(2,052)</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>(208)</u>	<u>(4,651)</u>

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

Bank overdrafts	(5,555)	(8,415)
Cash and bank balances	5,215	3,635
Fixed deposits	1,641	1,266
Short term funds	132	129
	<u>1,433</u>	<u>(3,385)</u>
Less: Fixed deposits pledged to a bank for credit facilities	(1,641)	(1,266)
	<u>(208)</u>	<u>(4,651)</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 2015 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 2016

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 2015. 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 2015.

A2. Significant Accounting

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 2015, except for the adoption of the MFRSs, amendments and interpretations which are effective from the annual period beginning 1 January 2016.

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 2015 was not qualified.

A4. Seasonal and Cyclical Factors

The Group's operations were not materially affected by seasonal or cyclical factors during the financial year under review.

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 year ended 31 December 2016.

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 year to date.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2016**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 year ended 31 December 2016.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and year ended 31 December 2016.

A9. Segmental Reporting

For the financial year ended 31 December 2016, the Group's financial information is analysed by operating segments as follows:

Financial year ended 31 December 2016:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	19,104	-	-	-	19,104
Exports	65,161	-	-	-	65,161
	<u>84,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,265</u>
Results					
Segment Results	8,120	(1,211)	409	(1,538)	5,780
Finance costs	(2,421)	(29)	(34)	543	(1,941)
Profit/(Loss) before taxation	5,699	(1,240)	375	(995)	3,839
Taxation	(394)	(19)	(136)	-	(549)
Profit/(Loss) after taxation	<u>5,305</u>	<u>(1,259)</u>	<u>239</u>	<u>(995)</u>	<u>3,290</u>
Net Assets					
as at 31 December 2016	<u>55,047</u>	<u>(3,441)</u>	<u>48,248</u>	<u>(25,475)</u>	<u>74,379</u>

Financial year ended 31 December 2015:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	23,799	-	1,000	(1,000)	23,799
Exports	68,688	-	-	-	68,688
	<u>92,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,487</u>
Results					
Segment Results	7,633	(1,105)	221	(1,032)	5,717
Finance costs	(1,879)	(1)	(1)	-	(1,881)
Profit/(Loss) before taxation	5,754	(1,106)	220	(1,032)	3,836
Taxation	(1,309)	-	5	-	(1,304)
Profit/(Loss) after taxation	<u>4,445</u>	<u>(1,106)</u>	<u>225</u>	<u>(1,032)</u>	<u>2,532</u>
Net Assets					
as at 31 December 2015	<u>49,740</u>	<u>(2,181)</u>	<u>48,010</u>	<u>(24,480)</u>	<u>71,089</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2016

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.

A12. Contingent Liabilities and Contingent Assets

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

<u>Company</u>	As at 31/12/2016 RM'000
<u>Contingent Liabilities (Unsecured)</u> - Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u><u>123,938</u></u>

A13. Capital Commitments

	As at 31/12/2016 RM'000
Property, plant and machinery	
Contracted but not provided for	<u><u>83</u></u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2016**PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance**

	Current Quarter ended 31/12/2016 RM'Million	Preceding Year Corresponding Quarter ended 31/12/2015 RM'Million	Current Year Ended 31/12/2016 RM'Million	Preceding Year Ended 31/12/2015 RM'Million
Revenue	18.3	26.8	84.3	92.5
Profit before taxation	0.4	1.4	3.8	3.8

Manufacturing Division

The revenue of 2016 fourth quarter was recorded at RM18.3 million as compared to RM26.8 million of the corresponding quarter in preceding year, a decrease of RM8.5 million. This was attributed to lower local and export sales.

Property Division

Our residential property development project, **Damai Vista** was launched in March 2016. No revenue was recognised for the period under review.

The Group's profit before tax of current quarter was recorded at RM0.4 million as compared to RM1.4 million of the corresponding quarter in preceding year, a decrease of RM1.0 million mainly due to the provision for doubtful debts of RM1.9 million (2015 Q4: RM0.5mil) made in current quarter.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31/12/2016 RM'Million	Preceding Quarter ended 30/9/2016 RM'Million
Revenue	18.3	18.1
Profit before taxation	0.4	0.7

Revenue for current quarter was recorded at RM18.3 million as compared to RM18.1 million of the previous quarter, higher by RM0.2 million attributed to higher sales from local market.

The Group's profit before tax for the current quarter was at RM0.4 million as compared to RM0.7 million of the previous quarter, a decrease of RM0.3 million mainly due to the provision for doubtful debts of RM1.9 million made in current quarter.

EURO HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2016**B3. Profit for the Quarter/Year**

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

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Corresponding	Ended	Ended
	31/12/2016	Quarter ended	31/12/2016	31/12/2015
	RM'000	31/12/2015	RM'000	RM'000
		RM'000		
Interest Income	(89)	(11)	(127)	(39)
Other income including investment income	(1)	(4)	(14)	(6)
Interest expense	421	400	1,709	1,662
Depreciation & amortisation	1,184	1,283	4,906	5,332
Provision for and write off of receivables	1,879	524	1,879	524
Foreign exchange (gain)/loss	(602)	709	(1,044)	(225)
Loss/(Gain) on derivatives	309	(707)	333	(147)

B4. Next Year Prospects

The global and domestic economy outlook is projected to be on a modest recovery in 2017 with some uncertainties in certain markets of interest to us. The manufacturing division shall endeavour to strengthen its market share and improve its operational efficiency.

The property sector outlook is to remain challenging in the current economic environment. Despite the challenges, construction works of **Damai Vista** Condominium will continue to progress on schedule.

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 2017, being a date not earlier than 7 days from the date of this report.

EURO HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2016**B7. Taxation**

	Current Year Quarter ended 31/12/2016 RM'000	Preceding Year Corresponding Quarter ended 31/12/2015 RM'000	Current Year Ended 31/12/2016 RM'000	Preceding Year Ended 31/12/2015 RM'000
<u>Current taxation</u>				
-current year	(344)	247	692	868
-prior year	(144)	(6)	(144)	7
	(488)	241	548	875
Deferred taxation	1	317	1	429
	(487)	558	549	1,304

The effective tax rate for the financial year ended 31 December 2016 was lower than the statutory tax rate mainly due to deferred tax assets of profit making subsidiaries that were not recognised previously were higher than losses of other subsidiaries and non tax deductible expenses.

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2016 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	5,555	-	5,555
Bills payables	5,189	-	5,189
Term loans	1,975	32,583	34,558
Hire purchase payables	953	554	1,507
	13,672	33,137	46,809

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	50,263	45,809
- unrealised	1,073	1,242
	51,336	47,051
Less: Consolidation adjustments	(20,985)	(20,479)
	30,351	26,572

B10. Material Litigation

The Group does not have any material litigation as at the date of this report.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2016**B11. Derivative Financial Instruments**

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD, EURO, GBP 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 2016 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 31/12/2016 RM'000	Fair Value gain/(loss) RM'000
Foreign currency forward contracts - Less than 1 year	5,664	5,928	(264)

The currency forward contracts are transacted with the Group's bankers. Credit risk for non-performance by the counterparties in these instruments is low.

B12. Dividend

No dividend has been proposed or declared for the financial year ended 31 December 2016 (31 December 2015: Nil).

B13. Earnings Per Share

The earnings per share for the quarter ended 31 December 2016 is computed as follows:-

	Current Year Quarter ended 31/12/2016	Preceding Year Corresponding Quarter ended 31/12/2015	Current Year Ended 31/12/2016	Preceding Year Ended 31/12/2015
Profit for the quarter/year, attributable to ordinary shareholders of the Company (RM'000)	1,478	693	3,779	2,147
Weighted average number of shares ('000)	243,000	243,000	243,000	243,000
Basic Earnings Per Share (sen)	0.61	0.29	1.56	0.88

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 2016.

By order of the Board
EURO HOLDINGS BERHAD

Tan Tong Lang (MAICSA 7045482)
Company Secretary
Date: 27 Feb 2017