

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2017**  
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31/3/2017	Quarter	31/3/2017	Period
	RM'000	31/3/2016	RM'000	31/3/2016
		RM'000		RM'000
<b>Continuing Operations:</b>				
Revenue	15,495	23,951	15,495	23,951
Cost of sales	(10,906)	(17,044)	(10,906)	(17,044)
Gross profit	<u>4,589</u>	<u>6,907</u>	<u>4,589</u>	<u>6,907</u>
Other income	596	637	596	637
Operating expenses	(5,524)	(6,157)	(5,524)	(6,157)
Finance costs	(431)	(450)	(431)	(450)
<b>(Loss)/Profit before taxation</b>	<u>(770)</u>	<u>937</u>	<u>(770)</u>	<u>937</u>
Taxation	(399)	(483)	(399)	(483)
<b>(Loss)/Profit for the period</b>	<u>(1,169)</u>	<u>454</u>	<u>(1,169)</u>	<u>454</u>
Other comprehensive income ("OCI")	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><u>(1,169)</u></u>	<u><u>454</u></u>	<u><u>(1,169)</u></u>	<u><u>454</u></u>
<b>Attributable to:</b>				
Owners of the Company	(1,205)	333	(1,205)	333
Non-controlling interest	36	121	36	121
	<u>(1,169)</u>	<u>454</u>	<u>(1,169)</u>	<u>454</u>
<b>Earnings per share</b>				
- Earnings per share (sen)*	<u>(0.50)</u>	<u>0.14</u>	<u>(0.50)</u>	<u>0.14</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017**  
(The figures have not been audited)

	(Unaudited) As At End of Current Period 31/3/2017 RM'000	(Audited) As At End of Preceding Financial Year 31/12/2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,356	52,327
Deferred taxation	1,702	1,702
	<u>53,058</u>	<u>54,029</u>
<b>Current assets</b>		
Property development cost	63,180	58,069
Inventories	14,893	14,911
Trade receivables	17,706	21,221
Other receivables, deposits and prepayments	1,754	1,666
Tax recoverable	238	445
Fixed deposit	279	1,641
Short term funds	133	132
Cash and bank balances	4,584	5,215
	<u>102,767</u>	<u>103,300</u>
<b>TOTAL ASSETS</b>	<u><u>155,825</u></u>	<u><u>157,329</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	24,300	24,300
Share Premium	19,728	19,728
Retained Earnings	28,779	29,984
	<u>72,807</u>	<u>74,012</u>
Non-controlling interest	925	889
<b>Total equity</b>	<u>73,732</u>	<u>74,901</u>
<b>Non-current liabilities</b>		
Term loans and bridging loans	36,193	30,479
Hire purchase payables	391	554
	<u>36,584</u>	<u>31,033</u>
<b>Current liabilities</b>		
Trade payables	22,076	25,516
Other payables and accruals	10,551	9,816
Amount due to director	66	4
Bank overdrafts	3,593	5,556
Bills payable	4,418	5,189
Hire purchase payables	763	953
Term loans and bridging loans	4,042	4,097
Forward exchange contracts	-	264
	<u>45,509</u>	<u>51,395</u>
<b>Total liabilities</b>	<u>82,093</u>	<u>82,428</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>155,825</u></u>	<u><u>157,329</u></u>
Net Assets Per Share (RM)	<b>0.30</b>	0.30

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 2016 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 FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

	<b>/--Attributable to Equity Holders of the Company--/</b>			<b>Total</b>	<b>Non- Controlling Interest</b>	<b>Total Equity</b>
	<b>/---Non-distributable---/</b>	<b>Distributable</b>				
	<b>Share Capital</b>	<b>Share Premium</b>	<b>Retained Earnings</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2017</b>	<b>24,300</b>	<b>19,728</b>	<b>29,984</b>	<b>74,012</b>	<b>889</b>	<b>74,901</b>
Total comprehensive income for the period	-	-	(1,205)	(1,205)	36	(1,169)
<b>At 31 March 2017</b>	<b>24,300</b>	<b>19,728</b>	<b>28,779</b>	<b>72,807</b>	<b>925</b>	<b>73,732</b>
<b>At 1 January 2016</b>	24,300	19,728	26,572	70,600	489	71,089
Total comprehensive income for the period	-	-	333	333	121	454
<b>At 31 March 2016</b>	<b>24,300</b>	<b>19,728</b>	<b>26,905</b>	<b>70,933</b>	<b>610</b>	<b>71,543</b>

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

	<b>Current Year Period ended 31/3/2017 RM'000</b>	<b>Preceding Year Period ended 31/3/2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(770)	937
Non-cash items	1,127	1,263
Non-operating items	(509)	632
Operating profit before working capital changes	<u>(152)</u>	<u>2,832</u>
Inventories	17	(334)
Property development costs	(5,112)	(3,940)
Trade and other receivables	4,477	874
Trade and other payables	(3,872)	2,109
Cash generated from operations	<u>(4,642)</u>	<u>1,541</u>
Tax paid	(258)	(187)
Tax refund	66	320
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<u><b>(4,834)</b></u>	<u><b>1,674</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(156)	(80)
Interest received	43	12
Proceeds from disposal of property, plant and equipment	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u><b>(113)</b></u>	<u><b>(68)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Fixed deposits pledged	(3)	(90)
Interest paid	(390)	(392)
Repayment of hire purchase payables	(353)	(408)
Withdrawn of fixed deposit	1,366	-
Net drawdown/(repayment) of term loans and bridging loans	5,659	5,011
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u><b>6,279</b></u>	<u><b>4,121</b></u>
Net (decrease)/increase in cash and cash equivalents	1,332	5,727
Cash and cash equivalents at beginning of the financial period	(208)	(4,651)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*</b>	<u><b>1,124</b></u>	<u><b>1,076</b></u>

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

Bank overdrafts	(3,593)	(6,607)
Cash and bank balances	4,584	7,554
Fixed deposits	279	1,356
Short term funds	133	129
	<u>1,403</u>	<u>2,432</u>
Less: Fixed deposits pledged to a bank for credit facilities	(279)	(1,356)
	<u><b>1,124</b></u>	<u><b>1,076</b></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 2016 and the accompanying explanatory notes attached to the interim financial statements.



**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2017**

**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 2016. 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 2016.

**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 2016, except for the adoption of the MFRSs, amendments and interpretations which are effective from the annual period beginning 1 January 2017.

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 2016 was not qualified.

**A4. Seasonal and Cyclical Factors**

The Group's operations were not materially affected by seasonal or cyclical factors during the financial period 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 period ended 31 March 2017.

**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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2017****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 31 March 2017.

**A8. Dividends Paid**

No dividends were paid by the Company in the current quarter and period ended 31 March 2017.

**A9. Segmental Reporting**

For the financial period ended 31 March 2017, the Group's financial information is analysed by operating segments as follows:

**Financial period ended 31 March 2017:**

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
Local	3,316	-	-	-	3,316
Exports	12,179	-	-	-	12,179
	<u>15,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,495</u>
<b>Results</b>					
Segment Results	288	(241)	318	(704)	(339)
Finance costs	(650)	(1)	(15)	235	(431)
Profit/(Loss) before taxation	(362)	(242)	303	(469)	(770)
Taxation	(299)	(12)	(88)	-	(399)
Profit/(Loss) after taxation	<u>(661)</u>	<u>(254)</u>	<u>215</u>	<u>(469)</u>	<u>(1,169)</u>
<b>Net Assets</b>					
<b>as at 31 March 2017</b>	<u>54,438</u>	<u>(3,695)</u>	<u>48,464</u>	<u>(25,475)</u>	<u>73,732</u>

**Financial period ended 31 March 2016:**

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
Local	4,911	-	-	-	4,911
Exports	19,040	-	-	-	19,040
	<u>23,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,951</u>
<b>Results</b>					
Segment Results	1,833	(312)	(92)	(42)	1,387
Finance costs	(449)	(1)	-	-	(450)
Profit/(Loss) before taxation	1,384	(313)	(92)	(42)	937
Taxation	(483)	-	-	-	(483)
Profit/(Loss) after taxation	<u>901</u>	<u>(313)</u>	<u>(92)</u>	<u>(42)</u>	<u>454</u>
<b>Net Assets</b>					
<b>as at 31 March 2016</b>	<u>50,640</u>	<u>(2,494)</u>	<u>47,918</u>	<u>(24,521)</u>	<u>71,543</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2017****A10. Material Events Subsequent to the End of the Financial Period**

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

**A12. Capital Commitments**

	<b>As at 31/3/2017 RM'000</b>
Property, plant and machinery	
Contracted but not provided for	<u>3</u>

**A13. Contingent Liabilities and Contingent Assets**

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

	<b>As at 31/3/2017 RM'000</b>
<u>Contingent Liabilities (Unsecured)</u>	
<u>Company</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>115,938</u>

Group

On 27 April 2017, a sealed copy of the Amended Writ and Statement of Claim both dated 25 April 2017, were served through Tack Yap Construction (M) Sdn Bhd's solicitors to Euroland & Development Sdn Bhd, a wholly owned subsidiary of the Company. The details of the claim are as per the Company's announcement dated 5 May 2017. As the outcome of this legal suit is not presently known, the financial impact cannot be estimated or ascertained with reasonable certainty. Therefore, the Group is unable to quantify the financial impact or expected losses, should there be any.

**EURO HOLDINGS BERHAD**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2017****PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance**

	<b>Current Quarter ended 31/3/2017 RM'Million</b>	<b>Preceding Year Corresponding Quarter ended 31/3/2016 RM'Million</b>	<b>Current Year Period Ended 31/3/2017 RM'Million</b>	<b>Preceding Year Period Ended 31/3/2016 RM'Million</b>
<b>Revenue</b>	<b>15.5</b>	24.0	<b>15.5</b>	24.0
<b>(Loss)/Profit before taxation</b>	<b>(0.8)</b>	0.9	<b>(0.8)</b>	0.9

Manufacturing Division

The revenue of 2017 first quarter was recorded at RM15.5 million as compared to RM24.0 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

No revenue was recognised from Damai Vista project for the period under review.

The Group's loss before tax of current quarter was recorded at RM0.8 million as compared to RM0.9 million profit before tax of the corresponding quarter in preceding year, a decrease of RM1.7 million mainly due to lower gross profit in tandem with the lower revenue.

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

	<b>Current Quarter ended 31/3/2017 RM'Million</b>	<b>Preceding Quarter ended 31/12/2016 RM'Million</b>
<b>Revenue</b>	15.5	18.3
<b>(Loss)/Profit before taxation</b>	(0.8)	0.4

Revenue for current quarter was recorded at RM15.5 million as compared to RM18.3 million of the previous quarter, lower by RM2.8 million due to lower sales.

The Group's loss before tax for the current quarter was at RM0.8 million as compared to profit before tax of RM0.4 million in the previous quarter, a decrease of RM1.2 million mainly due to decrease in gross profit in view of the lower revenue, partially mitigated by lower operating expenses.

**B3. Variance of Actual and Forecast Profit**

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



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2017****B4. (Loss)/Profit for the Quarter/Period**

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

	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Quarter ended</b>	<b>Corresponding</b>	<b>Period Ended</b>	<b>Period Ended</b>
	<b>31/3/2017</b>	<b>Quarter ended</b>	<b>31/3/2017</b>	<b>31/3/2016</b>
	<b>RM'000</b>	<b>31/3/2016</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest Income	(43)	(12)	(43)	(12)
Other income including investment income	-	(1)	-	(1)
Interest expense	390	392	390	392
Depreciation & amortisation	1,127	1,263	1,127	1,263
Foreign exchange (gain)/loss	254	(247)	254	(247)
Loss/(Gain) on derivatives	(264)	(377)	(264)	(377)

**B5. Current 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 continue to compete strategically in terms of pricing and product offering to strengthen its market share.

The property sector outlook is challenging in the current economic environment. Despite the challenges and an on-going litigation, construction works of **Damai Vista** Condominium will continue to progress as scheduled.

**B6. Corporate Proposal**

There were no corporate proposals announced but not completed as at 19 May 2017, being a date not earlier than 7 days from the date of this report.

**B7. Taxation**

	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Quarter ended</b>	<b>Corresponding</b>	<b>Period Ended</b>	<b>Period Ended</b>
	<b>31/3/2017</b>	<b>Quarter ended</b>	<b>31/3/2017</b>	<b>31/3/2016</b>
	<b>RM'000</b>	<b>31/3/2016</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Current taxation</u>				
-current year	399	483	399	483
-prior year	-	-	-	-
	<b>399</b>	<b>483</b>	<b>399</b>	<b>483</b>
Deferred taxation	-	-	-	-
	<b>399</b>	<b>483</b>	<b>399</b>	<b>483</b>

The effective tax rate for the financial period ended 31 March 2017 was higher than the statutory tax rate mainly due to deferred tax assets arising from current year's losses of subsidiaries were not recognised.

**EURO HOLDINGS BERHAD**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2017****B8. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 March 2017 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<b><u>Secured</u></b>			
Overdrafts	3,593	-	3,593
Bills payables	4,418	-	4,418
Term loans	4,042	36,193	40,235
Hire purchase payables	763	391	1,154
	<u>12,816</u>	<u>36,584</u>	<u>49,400</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

**B9. Realised/Unrealised profits**

	As at 31/3/2017 RM'000	As at 31/3/2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	49,179	45,809
- unrealised	1,991	1,779
	<u>51,170</u>	<u>47,588</u>
Less: Consolidation adjustments	<u>(22,391)</u>	<u>(20,683)</u>
	<u>28,779</u>	<u>26,905</u>

**B10. Dividend**

No dividend has been proposed or declared for the financial period ended 31 March 2017 (31 March 2016: Nil).

**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 March 2017 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 31/3/2017 RM'000	Fair Value gain/(loss) RM'000
Foreign currency forward contracts			
- Less than 1 year	3,498	3,498	-

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

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2017****B12. Material Litigation**

The pending material litigation of the Group as at 19 May 2017, consist of the following:

## a) Teh Hock Toh ("the Plaintiff") v Euro Space System Sdn Bhd

On 28 March 2017, a sealed copy of the Writ of Summons and Statement of Claim both dated 21 March 2017, were served through the Plaintiff's solicitors to Euro Space System Sdn Bhd, a wholly owned subsidiary of the Company. The details of the claim are as per the Company's announcement dated 29 March 2017. The suit remains on-going.

## b) Tack Yap Construction (M) Sdn Bhd ("the Plaintiff") v Euroland &amp; Development Sdn Bhd

On 27 April 2017, a sealed copy of the Amended Writ and Statement of Claim both dated 25 April 2017, were served by the Plaintiff's solicitors on Euroland & Development Sdn Bhd ("Euroland"), a wholly owned subsidiary of the Company. The details of the claim are as per the Company's announcement dated 5 May 2017. Euroland has engaged solicitors who have entered appearance for Euroland on 8 May 2017 and who will be advising Euroland on it in due course. The suit remains on-going.

**B13. Earnings Per Share**

The earnings per share for the quarter ended 31 March 2017 is computed as follows:-

	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Quarter ended</b>	<b>Corresponding</b>	<b>Period Ended</b>	<b>Period Ended</b>
	<b>31/3/2017</b>	<b>Quarter ended</b>	<b>31/3/2017</b>	<b>Period Ended</b>
		<b>31/3/2016</b>		<b>31/3/2016</b>
(Loss)/Profit for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	<b>(1,205)</b>	333	<b>(1,205)</b>	333
Weighted average number of shares ('000)	<b>243,000</b>	243,000	<b>243,000</b>	243,000
Basic Earnings Per Share (sen)	<b>(0.50)</b>	0.14	<b>(0.50)</b>	0.14

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 31 March 2017.

By order of the Board

**EURO HOLDINGS BERHAD**

Tan Tong Lang (MAICSA 7045482)

Company Secretary

Date: 26 May 2017