

EURO HOLDINGS BERHAD
(Company No. 646559-T)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2017 RM'000	Preceding Year Corresponding Period 31/12/2016 RM'000
Continuing Operations:				
Revenue	19,058	18,346	63,517	84,265
Cost of sales	(13,243)	(10,566)	(45,453)	(55,827)
Gross profit	<u>5,815</u>	<u>7,780</u>	<u>18,064</u>	<u>28,438</u>
Other income	118	513	940	1,354
Operating expenses	(3,200)	(7,422)	(18,240)	(24,013)
Finance costs	(418)	(491)	(1,605)	(1,941)
Profit/(Loss) before taxation	<u>2,315</u>	<u>380</u>	<u>(841)</u>	<u>3,838</u>
Taxation	(1,890)	1,010	(2,683)	(26)
Profit/(Loss) for the period	<u>425</u>	<u>1,390</u>	<u>(3,524)</u>	<u>3,812</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income/(loss) for the period	<u>425</u>	<u>1,390</u>	<u>(3,524)</u>	<u>3,812</u>
Attributable to:				
Owners of the Company	441	1,111	(3,601)	3,412
Non-controlling interest	(16)	279	77	400
	<u>425</u>	<u>1,390</u>	<u>(3,524)</u>	<u>3,812</u>
Earnings per share				
- Earnings per share (sen)	<u>0.16</u>	<u>0.46</u>	<u>(1.43)</u>	<u>1.40</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.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

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

	(Unaudited) As At End of Current Year 31/12/2017 RM'000	(Audited) As At End of Preceding Financial Year 31/12/2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	48,509	52,327
Deferred tax assets	-	1,702
	<u>48,509</u>	<u>54,029</u>
Current assets		
Property development cost	83,464	58,069
Inventories	14,399	14,911
Trade receivables	18,550	21,221
Other receivables, deposits and prepayments	1,841	1,666
Tax recoverable	448	445
Fixed deposit	2,782	1,641
Forward exchange contracts	71	-
Short term funds	90	132
Cash and bank balances	2,795	5,215
	<u>124,440</u>	<u>103,300</u>
TOTAL ASSETS	<u><u>172,949</u></u>	<u><u>157,329</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	28,674	24,300
Share Premium	19,728	19,728
Retained Earnings	26,383	29,984
	<u>74,785</u>	<u>74,012</u>
Non-controlling interest	966	889
Total equity	<u>75,751</u>	<u>74,901</u>
Non-current liabilities		
Term loans and bridging loans	20,167	30,479
Hire purchase payables	88	554
Deferred tax liabilities	44	-
	<u>20,299</u>	<u>31,033</u>
Current liabilities		
Trade payables	40,273	25,516
Other payables and accruals	11,959	9,816
Amount due to director	4	4
Bank overdrafts	6,629	5,556
Bills payable	4,595	5,189
Hire purchase payables	466	953
Term loans and bridging loans	12,973	4,097
Forward exchange contracts	-	264
	<u>76,899</u>	<u>51,395</u>
Total liabilities	<u>97,198</u>	<u>82,428</u>
TOTAL EQUITY AND LIABILITIES	<u><u>172,949</u></u>	<u><u>157,329</u></u>
Net Assets Per Share (RM)	0.28	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 FOURTH QUARTER ENDED 31 DECEMBER 2017**

(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 2017	24,300	19,728	29,984	74,012	889	74,901
Issuance of shares	4,374	-	-	4,374	-	4,374
Total comprehensive income/(loss) for the period	-	-	(3,601)	(3,601)	77	(3,524)
At 31 DECEMBER 2017	28,674	19,728	26,383	74,785	966	75,751
At 1 January 2016	24,300	19,728	26,572	70,600	489	71,089
Total comprehensive income for the period	-	-	3,412	3,412	400	3,812
At 31 DECEMBER 2016	24,300	19,728	29,984	74,012	889	74,901

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.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017****(The figures have not been audited)**

	Current Year ended 31/12/2017 RM'000	Preceding Year ended 31/12/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(841)	3,838
Non-cash items	4,286	4,905
Non-operating items	530	3,126
Operating profit before working capital changes	<u>3,975</u>	<u>11,869</u>
Inventories	512	359
Property development costs	(25,395)	(36,189)
Trade and other receivables	3,078	2,602
Trade and other payables	16,196	9,252
Cash generated from operations	<u>(1,634)</u>	<u>(12,107)</u>
Tax paid	(1,535)	(1,323)
Tax refund	594	322
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(2,575)</u>	<u>(13,108)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(490)	(696)
Interest received	31	56
Proceeds from disposal of property, plant and equipment	77	12
NET CASH USED IN INVESTING ACTIVITIES	<u>(382)</u>	<u>(628)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(2,507)	(375)
Interest paid	(1,424)	(1,711)
Repayment of hire purchase payables	(953)	(1,531)
Withdrawn of fixed deposit	1,366	-
Proceeds from issuance of ordinary shares	4,374	-
Net drawdown/(repayment) of term loans and bridging loans	(1,435)	21,377
NET CASH USED IN FINANCING ACTIVITIES	<u>(579)</u>	<u>17,760</u>
Net (decrease)/increase in cash and cash equivalents	(3,536)	4,024
Cash and cash equivalents at beginning of the financial period	(208)	(4,233)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>(3,744)</u>	<u>(209)</u>

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

Bank overdrafts	(6,629)	(5,556)
Cash and bank balances	2,795	5,215
Fixed deposits	2,782	1,641
Short term funds	90	132
	<u>(962)</u>	<u>1,432</u>
Less: Fixed deposits pledged to a bank for credit facilities	(2,782)	(1,641)
	<u>(3,744)</u>	<u>(209)</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 - FOURTH QUARTER ENDED 31 DECEMBER 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 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 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 year to date.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 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 year ended 31 December 2017 except for allotment of 24,300,000 new ordinary shares at RM0.18 each on 18 August 2017, through private placement to independent third party investors. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 22 August 2017. With the above allotment of shares, the issued share capital of the Company now comprised 267,300,000 ordinary shares and total gross proceeds raised was RM4,374,000.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and year ended 31 December 2017.

A9. Segmental Reporting

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

Financial year ended 31 December 2017:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	15,286	-	-	-	15,286
Exports	48,231	-	-	-	48,231
	<u>63,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,517</u>
Results					
Segment Results	3,600	(1,221)	1,334	(2,949)	764
Finance costs	(2,456)	(11)	(57)	919	(1,605)
Profit/(Loss) before taxation	1,144	(1,232)	1,277	(2,030)	(841)
Taxation	(2,176)	(129)	(378)	-	(2,683)
Profit/(Loss) after taxation	<u>(1,032)</u>	<u>(1,361)</u>	<u>899</u>	<u>(2,030)</u>	<u>(3,524)</u>
Net Assets					
as at 31 December 2017	<u>54,535</u>	<u>(4,801)</u>	<u>53,522</u>	<u>(27,505)</u>	<u>75,751</u>

Financial year ended 31 December 2016:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	19,326	-	-	-	19,326
Exports	64,939	-	-	-	64,939
	<u>84,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,265</u>
Results					
Segment Results	8,119	(1,211)	408	(1,537)	5,779
Finance costs	(2,421)	(29)	(34)	543	(1,941)
Profit/(Loss) before taxation	5,698	(1,240)	374	(994)	3,838
Taxation	129	(19)	(136)	-	(26)
Profit/(Loss) after taxation	<u>5,827</u>	<u>(1,259)</u>	<u>238</u>	<u>(994)</u>	<u>3,812</u>
Net Assets					
as at 31 December 2016	<u>55,569</u>	<u>(3,441)</u>	<u>48,248</u>	<u>(25,475)</u>	<u>74,901</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2017

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. Capital Commitments

	As at 31/12/2017 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>11</u>

A13. Contingent Liabilities and Contingent Assets

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

<u>Contingent Liabilities (Unsecured)</u>	As at 31/12/2017 RM'000
<u>Company</u>	
Corporate guarantees given to:	
- financial institutions for credit facilities granted to subsidiary companies	118,153
- third parties for credit facilities granted to subsidiary companies	4,200
- contract customer of a subsidiary company	<u>5,626</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.

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

	Current Quarter ended 31/12/2017 RM'Million	Preceding Year Corresponding Quarter ended 31/12/2016 RM'Million	Current Year Ended 31/12/2017 RM'Million	Preceding Year Ended 31/12/2016 RM'Million
Revenue	19.1	18.3	63.5	84.3
Profit/(Loss) before taxation	2.3	0.4	(0.8)	3.8

Manufacturing Division

The revenue of 4th quarter 2017 was recorded at RM19.1 million as compared to RM18.3 million of the corresponding quarter in preceding year, an increase of RM0.8 million. This was attributed to higher export sales.

Property Division

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

The Group's profit before tax of current quarter was recorded at RM2.3 million as compared to RM0.4 million of the corresponding quarter in preceding year, an increase of RM1.9 million mainly due to lower operating expenses.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31/12/2017 RM'Million	Preceding Quarter ended 30/9/2017 RM'Million
Revenue	19.1	15.8
Profit/(Loss) before taxation	2.3	(0.3)

Revenue for current quarter was recorded at RM19.1 million as compared to RM15.8 million of the previous quarter, higher by RM3.3 million due to higher sales in both local and export market.

The Group's profit before tax for the current quarter was at RM2.3 million as compared to loss before tax of RM0.3 million in the previous quarter, an improvement of RM2.6 million due to higher profit contributed by the increase in sales and 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 - FOURTH QUARTER ENDED 31 DECEMBER 2017**B4. Profit/(Loss) for the Quarter/Year**

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

	Preceding Year		Preceding Year	
	Current Year	Corresponding	Current Year	Preceding Year
	Quarter ended	Quarter ended	Ended	Ended
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Interest Income	63	(18)	(31)	(56)
Other income including investment income	-	(1)	(72)	(14)
Interest expense	361	423	1,424	1,711
Depreciation & amortisation	1,020	1,183	4,286	4,905
Foreign exchange (gain)/loss	(123)	(640)	(144)	(1,082)
Loss/(Gain) on derivatives	(32)	309	(335)	333
(Reversal)/Allowance for and write off of receivables	(114)	1,879	(114)	1,879

B5. Next Year Prospects

The global and domestic economy are projected to continue growing in 2018. The Manufacturing Division shall grow in tandem with the current economy. In addition, our expansion plan in the export market will be intensified.

In regard to Property Division, construction works of Damai Vista Condominium will continue to progress as scheduled, and as such the revenue recognition from the project is expected to contribute positively to the Group's 2018 financials.

B6. Taxation

	Preceding Year		Preceding Year	
	Current Year	Corresponding	Current Year	Preceding Year
	Quarter ended	Quarter ended	Ended	Ended
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
<u>Current taxation</u>				
-current year	252	133	1,045	1,169
-prior year	(108)	(144)	(108)	(144)
	144	(11)	937	1,025
Deferred taxation	1,746	(999)	1,746	(999)
	1,890	(1,010)	2,683	26

The effective tax rate for the quarter ended 31 December 2017 was higher than the statutory income tax rate mainly due to the de-recognition of deferred tax assets of a subsidiary amounting to RM1.76 million. The Group had revised downward the deferred tax asset of the subsidiary to the extent that is likely to realise in the foreseeable future.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2017**B7. Group Borrowings and Debt Securities**

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

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
As at 31 December 2017			
<u>Secured</u>			
Overdrafts	6,629	-	6,629
Bills payables	4,595	-	4,595
Term loans and bridging loans	12,973	20,167	33,140
Hire purchase payables	466	88	554
	<u>24,663</u>	<u>20,255</u>	<u>44,918</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B8. Realised/Unrealised profits

	As at	As at
	31/12/2017	31/12/2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	49,981	49,687
- unrealised	383	2,170
	<u>50,364</u>	<u>51,857</u>
Less: Consolidation adjustments	<u>(23,981)</u>	<u>(21,873)</u>
	<u>26,383</u>	<u>29,984</u>

B9. Dividend

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

B10. 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 2017 are as follows:

<u>Type of instruments</u>	Contract/Notional	Value as at	Fair Value
	Amount	31/12/2017	gain/(loss)
	RM'000	RM'000	RM'000
Foreign currency forward contracts			
- Less than 1 year	2,457	2,386	71

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2017

B11. Material Litigation

As at 21 February 2018, there were no material litigation since the last annual balance sheet date except for the following:-

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

Based on the parties out of court settlement reached, the Plaintiff has withdrawn the suit against ESS on 30 October 2017 with no order as to cost. The said withdrawal has been recorded by the Court accordingly.

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

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, 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 filed its Defence and Counterclaim on 6 June 2017. The suit remains on-going.

B12. Earnings Per Share

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

	Current Year Quarter ended 31/12/2017	Preceding Year Corresponding Quarter ended 31/12/2016	Current Year Ended 31/12/2017	Preceding Year Ended 31/12/2016
(Loss)/Profit for the quarter/year, attributable to ordinary shareholders of the Company (RM'000)	441	1,111	(3,601)	3,412
Weighted average number of shares ('000)	267,300	243,000	252,054	243,000
Basic Earnings Per Share (sen)	0.16	0.46	(1.43)	1.40

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 2017.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2017**B13. Corporate Proposal**

On 19 July 2017, the Company had announced to undertake a Private Placement exercise of up to 24,300,000 new ordinary shares in the Company ("Placement Shares"), representing up to 10% of the issued shares ("Private Placement").

On 22 August 2017, the Company had completed its Private Placement exercise. A total of 24,300,000 Placement Shares were issued at RM0.18 per Placement Share.

The gross proceeds received from the Private Placement was RM4.374 million. The proposed utilisation are as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Timeframe for utilisation	Explanation
Working Capital	4,315	4,276	Within 6 months	(i)
Defray expenses relating to the exercise	180	98	Within 1 month	(ii)
	<u>4,495</u>	<u>4,374</u>		

(i) In view that the actual issue price for the Placement Shares was priced lower than the indicative issue price, the proceeds received was lesser and correspondingly, the amount allocated for working capital was lesser.

(ii) In view that the actual expenses for the Private Placement was lower than estimated, the excess will be utilised for working capital.

B14. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 28 February 2018.