

EURO HOLDINGS BERHAD
(Company No. 646559-T)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2018
(The figures have not been audited)

	Individual Quarter (Restated)		Cumulative Quarter (Restated)	
	Current Year Quarter 31/3/2018 RM'000	Preceding Year Corresponding Quarter 31/3/2017 RM'000	Current Year To Date 31/3/2018 RM'000	Preceding Year Corresponding Period 31/3/2017 RM'000
Continuing Operations:				
Revenue	22,183	18,292	22,183	18,292
Cost of sales	(19,400)	(13,501)	(19,400)	(13,501)
Gross profit	<u>2,783</u>	<u>4,791</u>	<u>2,783</u>	<u>4,791</u>
Other income	478	596	478	596
Operating expenses	(4,466)	(5,524)	(4,466)	(5,524)
Finance costs	(460)	(431)	(460)	(431)
Profit/(Loss) before taxation	<u>(1,665)</u>	<u>(568)</u>	<u>(1,665)</u>	<u>(568)</u>
Taxation	(292)	(399)	(292)	(399)
Profit/(Loss) for the period	<u>(1,957)</u>	<u>(967)</u>	<u>(1,957)</u>	<u>(967)</u>
Other comprehensive income ("OCI")	-	-	-	-
Total comprehensive income/(loss) for the period	<u><u>(1,957)</u></u>	<u><u>(967)</u></u>	<u><u>(1,957)</u></u>	<u><u>(967)</u></u>
Attributable to:				
Owners of the Company	(1,952)	(1,003)	(1,952)	(1,003)
Non-controlling interest	(5)	36	(5)	36
	<u><u>(1,957)</u></u>	<u><u>(967)</u></u>	<u><u>(1,957)</u></u>	<u><u>(967)</u></u>
Earnings per share				
- Earnings per share (sen)	<u><u>(0.73)</u></u>	<u><u>(0.41)</u></u>	<u><u>(0.73)</u></u>	<u><u>(0.41)</u></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 2017 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 MARCH 2018****(The figures have not been audited)**

	(Unaudited) As At 31/3/2018 RM'000	(Restated) As At 31/12/2017 RM'000	(Restated) As At 1/1/2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	47,636	48,509	52,327
Deferred tax assets	-	-	1,702
	<u>47,636</u>	<u>48,509</u>	<u>54,029</u>
Current assets			
Property development cost	43,219	44,130	42,140
Inventories	14,422	14,399	14,911
Trade receivables	40,279	45,298	33,087
Other receivables, deposits and prepayments	1,987	1,841	1,666
Tax recoverable	273	449	445
Fixed deposit	2,786	2,782	1,641
Forward exchange contracts	82	71	-
Short term funds	91	90	132
Cash and bank balances	3,822	2,795	5,215
	<u>106,961</u>	<u>111,855</u>	<u>99,237</u>
TOTAL ASSETS	<u><u>154,597</u></u>	<u><u>160,364</u></u>	<u><u>153,266</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	48,402	48,402	24,300
Share Premium	-	-	19,728
Retained Earnings	29,491	31,443	32,402
	<u>77,893</u>	<u>79,845</u>	<u>76,430</u>
Non-controlling interest	961	966	889
Total equity	<u>78,854</u>	<u>80,811</u>	<u>77,319</u>
Non-current liabilities			
Term loans and bridging loans	15,000	18,738	30,479
Hire purchase payables	69	88	554
Deferred tax liabilities	44	44	-
	<u>15,113</u>	<u>18,870</u>	<u>31,033</u>
Current liabilities			
Trade payables	17,669	17,005	19,035
Other payables and accruals	20,535	17,577	9,816
Amount due to director	26	4	4
Bank overdrafts	10,220	6,629	5,556
Bills payable	4,412	4,595	5,189
Hire purchase payables	322	466	953
Term loans and bridging loans	7,446	14,407	4,097
Forward exchange contracts	-	-	264
	<u>60,630</u>	<u>60,683</u>	<u>44,914</u>
Total liabilities	<u>75,743</u>	<u>79,553</u>	<u>75,947</u>
TOTAL EQUITY AND LIABILITIES	<u><u>154,597</u></u>	<u><u>160,364</u></u>	<u><u>153,266</u></u>
Net Assets Per Share (RM)	0.29	0.30	0.31

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 2017 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 2018**

(The figures have not been audited)

	/--Attributable to Equity Holders of the Company--/ /---Non-distributable---/				Non- Controlling Interest RM'000	Total Equity RM'000
	Share		Retained Earnings RM'000	Total RM'000		
	Capital RM'000	Premium RM'000				
At 1 January 2018						
- as previously reported	48,402	-	26,384	74,786	966	75,752
- effect of adoption of MFRS 15	-	-	5,059	5,059	-	5,059
Restated at 1 January 2018	48,402	-	31,443	79,845	966	80,811
Total comprehensive income/(loss) for the period	-	-	(1,952)	(1,952)	(5)	(1,957)
At 31 MARCH 2018	48,402	-	29,491	77,893	961	78,854
At 1 January 2017						
- as previously reported	24,300	19,728	29,984	74,012	889	74,901
- effect of adoption of MFRS 15	-	-	2,418	2,418	-	2,418
Restated at 1 January 2017	24,300	19,728	32,402	76,430	889	77,319
Total comprehensive income for the period	-	-	(1,003)	(1,003)	36	(967)
At 31 MARCH 2017 (restated)	24,300	19,728	31,399	75,427	925	76,352

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****(The figures have not been audited)**

	Current Period Ended 31/3/2018 RM'000	(Restated) Preceding Period Ended 31/3/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,665)	(568)
Non-cash items	949	1,127
Non-operating items	160	(509)
Operating profit before working capital changes	(556)	50
Inventories	(23)	17
Property development costs	911	(2,517)
Trade and other receivables	(8,841)	1,835
Trade and other payables	17,401	(4,027)
Cash generated from operations	8,892	(4,642)
Tax paid	(116)	(258)
Tax refund	-	66
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	8,776	(4,834)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(75)	(156)
Interest received	7	43
Proceeds from disposal of property, plant and equipment	3	-
NET CASH USED IN INVESTING ACTIVITIES	(65)	(113)
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged	(3)	(3)
Interest paid	(409)	(390)
Repayment of hire purchase payables	(163)	(353)
Withdrawn of fixed deposit	-	1,366
Net drawdown/(repayment) of term loans and bridging loans	(10,699)	5,659
NET CASH USED IN FINANCING ACTIVITIES	(11,274)	6,279
Net (decrease)/increase in cash and cash equivalents	(2,563)	1,332
Cash and cash equivalents at beginning of the financial period	(3,744)	(208)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	(6,307)	1,124

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

Bank overdrafts	(10,220)	(3,593)
Cash and bank balances	3,822	4,584
Fixed deposits	2,786	279
Short term funds	91	133
	(3,521)	1,403
Less: Fixed deposits pledged to a bank for credit facilities	(2,786)	(279)
	(6,307)	1,124

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 2017 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 2018

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 2017. 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 2017.

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 2017, except for the adoption of the MFRSs, amendments and interpretations which are effective from the annual financial period beginning 1 January 2018.

The adoption of the MFRSs, amendments and interpretations did not have any significant impact to the financial statements of the Group except as described below:

Application of MFRS 15 Revenue from Contracts with Customers

Adoption of this MFRS requires the Group to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognises revenue from property development over time if it has an enforceable right to payment for performance completed to date.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Group has, recognised the incremental costs of obtaining a contract with a customer which are expected to be recovered as an asset.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2018

	As previously reported RM'000	Effect of adoption of MFRS 15 and reclassification RM'000	As restated RM'000
The effect arising from the adoption of MFRS 15 on the statements of financial position is as follows:			
<u>As at 1 January 2017</u>			
Current Assets			
Property Development Cost	58,069	(15,929)	42,140
Trade Receivables	21,221	11,866	33,087
Current Liabilities			
Trade Payables	25,516	(6,481)	19,035
Equity attributable to equity holders of the Company			
Retained earnings	29,984	2,418	32,402
<u>As at 31 December 2017</u>			
Current Assets			
Property Development Cost	83,464	(39,334)	44,130
Trade Receivables	18,550	26,748	45,298
Current Liabilities			
Trade Payables	34,650	(17,645)	17,005
Equity attributable to equity holders of the Company			
Retained earnings	26,384	5,059	31,443

The effect arising from the adoption of MFRS 15 on the statements of comprehensive income is as follows:

For the quarter and cumulative period ended 31/3/2017

Revenue	15,495	2,797	18,292
Cost of sale	(10,906)	(2,595)	(13,501)
(Loss)/Profit Attributable to: Owners of the Company	(1,205)	202	(1,003)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2018

	As previously reported RM'000	Effect of adoption of MFRS 15 and reclassification RM'000	As restated RM'000
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The effect arising from the adoption of MFRS 15 on the statements of cash flows is as follows:

For the period ended 31/3/2017**CASH FLOWS FROM OPERATING ACTIVITIES**

(Loss)/Profit before taxation	(770)	202	(568)
Non-cash items	1,127		1,127
Non-operating items	(509)		(509)
Operating profit before working capital changes	<u>(152)</u>		<u>50</u>
Inventories	17		17
Property development costs	(5,112)	2,595	(2,517)
Trade and other receivables	4,477	(2,642)	1,835
Trade and other payables	(3,872)	(155)	(4,027)
Cash generated from operations	<u>(4,642)</u>		<u>(4,642)</u>

A3. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2017 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 2018.

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 2018**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 2018.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 31 March 2018.

A9. Segmental Reporting

For the financial period ended 31 March 2018, the Group's financial information is analysed by operating segments as follows:

Financial period ended 31 March 2018:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	3,641	9,925	-	-	13,566
Exports	8,617	-	-	-	8,617
	<u>12,258</u>	<u>9,925</u>	<u>-</u>	<u>-</u>	<u>22,183</u>
Results					
Segment Results	(1,471)	555	531	(820)	(1,205)
Finance costs	(609)	(13)	(16)	178	(460)
Profit/(Loss) before taxation	<u>(2,080)</u>	<u>542</u>	<u>515</u>	<u>(642)</u>	<u>(1,665)</u>
Taxation	(53)	(133)	(106)	-	(292)
Profit/(Loss) after taxation	<u>(2,133)</u>	<u>409</u>	<u>409</u>	<u>(642)</u>	<u>(1,957)</u>
Net Assets as at 31 March 2018					
	<u>52,457</u>	<u>776</u>	<u>54,037</u>	<u>(28,147)</u>	<u>79,123</u>

Financial period ended 31 March 2017 (restated):

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	3,316	2,797	-	-	6,113
Exports	12,179	-	-	-	12,179
	<u>15,495</u>	<u>2,797</u>	<u>-</u>	<u>-</u>	<u>18,292</u>
Results					
Segment Results	288	(39)	318	(704)	(137)
Finance costs	(650)	(1)	(15)	235	(431)
Profit/(Loss) before taxation	<u>(362)</u>	<u>(40)</u>	<u>303</u>	<u>(469)</u>	<u>(568)</u>
Taxation	(299)	(12)	(88)	-	(399)
Profit/(Loss) after taxation	<u>(661)</u>	<u>(52)</u>	<u>215</u>	<u>(469)</u>	<u>(967)</u>
Net Assets as at 31 March 2017					
	<u>54,438</u>	<u>(1,075)</u>	<u>48,464</u>	<u>(25,475)</u>	<u>76,352</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2018

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

	As at 31/3/2018 RM'000
Property, plant and machinery	
Contracted but not provided for	-

A13. Contingent Liabilities and Contingent Assets

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

	Company As at 31/3/2018 RM'000
<u>(a) Guarantees</u>	
Corporate guarantees given to:	
- financial institutions for credit facilities granted to subsidiary companies	116,653
- third parties for credit facilities granted to subsidiary companies	4,200
- contract customer of a subsidiary company	8,026
	<u>128,879</u>

(b) Material Litigation

(i) High Court of Malaya at Kuala Lumpur Suit No. WA-22C-50-04/2017 ("Suit-50"). Tack Yap Construction (M) Sdn. Bhd. ("the Plaintiff") v. Euroland & Development Sdn. Bhd. ("EDSB")

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 EDSB, a wholly owned subsidiary of the Company. The details of the claim are as per the Company's announcement dated 5 May 2017 and EDSB has filed its Defence and Counterclaim on 6 June 2017. Suit-50 is pending in the High Court of Malaya and proceedings are set on 16 to 18, 25 and 26 July 2018.

The total of Plaintiff's claims from Suit-50 amounts to RM16,898,511.74 excluding interests and costs. The EDSB's solicitors are of the opinion that there is a fair chance of EDSB succeeding in defending against TYC's claims and succeeding in its counterclaim. The Directors are unable to quantify the financial effect of the outcome of the said suit in relation to the interest and cost.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2018**PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance**

	Current Quarter Ended 31/3/2018 RM'Million	(Restated) Preceding Year Corresponding Quarter Ended 31/3/2017 RM'Million	Current Period Ended 31/3/2018 RM'Million	(Restated) Preceding Period Ended 31/3/2017 RM'Million
Revenue				
- Manufacturing	12.3	15.5	12.3	15.5
- Property	9.9	2.8	9.9	2.8
	22.2	18.3	22.2	18.3
Profit/(Loss) before taxation	(1.7)	(0.6)	(1.7)	(0.6)

Manufacturing Division

The revenue of Q1 2018 was recorded at RM12.3 million as compared to RM15.5 million of the corresponding quarter in preceding year, a decrease of RM3.2 million. This was mainly attributed to lower export sales.

Property Division

The revenue of Q1 2018 was recorded at RM9.9 million as compared to RM2.3 million (restated) of the corresponding quarter in preceding year, an increase of RM7.1 million due to higher percentage of completion coupled with higher sold unit.

The Group's loss before tax of current quarter was recorded at RM1.7 million as compared to RM0.6 million of the corresponding quarter in preceding year, an increase of RM1.1 million mainly due to lower gross profit generated by Manufacturing Division resulting from lower sales and higher material cost.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31/3/2018 RM'Million	Preceding Quarter ended 31/12/2017 RM'Million
Revenue	22.2	19.1
Profit/(Loss) before taxation	(1.7)	2.3

Revenue for current quarter was recorded at RM22.2 million as compared to RM19.1 million of the previous quarter, higher by RM3.1 million due to additional RM9.9 million revenue contributed by Property Division offset by RM6.8 million decrease in revenue of Manufacturing Division. Revenue recognition of Property Division started upon adoption of MFRS15 effective from 1 January 2018 .

The Group's loss before tax for the current quarter was at RM1.7 million as compared to profit before tax of RM2.3 million in the previous quarter, a decrease of RM4.0 million despite higher revenue due mainly to lower gross margin resulting from higher material cost and fluctuation of foreign exchange.

B3. Variance of Actual and Forecast Profit

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

EURO HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2018**B4. Profit/(Loss) for the Quarter/Period**

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

	Current Quarter Ended 31/3/2018 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2017 RM'000	Current Period Ended 31/3/2018 RM'000	Preceding Period Ended 31/3/2017 RM'000
Interest Income	(7)	(43)	(7)	(43)
Other income including investment income	(3)	-	(3)	-
Interest expense	409	390	409	390
Depreciation & amortisation	949	1,127	949	1,127
Foreign exchange (gain)/loss	(337)	254	(337)	254
Loss/(Gain) on derivatives	(24)	(264)	(24)	(264)

B5. Current Year Prospects

The global and domestic economy are projected to continue growing in 2018 and the Manufacturing Industries shall grow in tandem with the current economy. For Manufacturing Division, inflation in material cost and higher direct labour expenses is expected to reduce gross profit margin of the division.

In regard to Property Division, revenue recognition of Damai Vista Project started upon adoption of MFRS 15 effective from 1 January 2018 and as such the project is expected to contribute positively to the Group's 2018 financials.

B6. Taxation

	Current Quarter Ended 31/3/2018 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2017 RM'000	Current Period Ended 31/3/2018 RM'000	Preceding Period Ended 31/3/2017 RM'000
<u>Current taxation</u>				
-current year	292	399	292	399
-prior year	-	-	-	-
	292	399	292	399
Deferred taxation	-	-	-	-
	292	399	292	399

The effective tax rate for the quarter ended 31 March 2018 was higher than the statutory income tax rate mainly due to deferred tax assets arising from current year losses of subsidiary companies were not recognised.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2018**B7. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 March 2018 are as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
<u>Secured</u>			
Overdrafts	10,220	-	10,220
Bills payables	4,412	-	4,412
Term loans and bridging loans	7,446	15,000	22,446
Hire purchase payables	322	69	391
	<u>22,400</u>	<u>15,069</u>	<u>37,469</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B8. Dividend

No dividend has been proposed or declared for the financial period ended 31 March 2018 (31 March 2017: Nil).

B9. 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 2018 are as follows:

<u>Type of instruments</u>	Contract/Notional	Value as at	Fair Value
	Amount	31/3/2018	gain/(loss)
	RM'000	RM'000	RM'000
Foreign currency forward contracts			
- Less than 1 year	<u>2,886</u>	<u>2,804</u>	<u>82</u>

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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(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2018

B10. Material Litigation

As at 23 May 2018, there were no material litigation since the last annual balance sheet date except for the following:-

(a) High Court of Malaya at Kuala Lumpur Suit No. WA-22C-50-04/2017 ("Suit-50"). Tack Yap Construction (M) Sdn. Bhd. v. Euroland & Development Sdn. Bhd.

As disclosed in Note A13 (b) (i)

(b) Adjudication proceedings registered as KLRCA Adjudication No. ADJ-1376-2017 ("Adj. 1376") between Tack Yap Construction (M) Sdn. Bhd. ("TYC") and Euroland & Development Sdn. Bhd. ("EDSB")

In connection with and related to the above claim, on 16 November 2017, TYC had initiated an adjudication claim against EDSB at the Kuala Lumpur Regional Centre for Arbitration ("KLRCA") for the same alleged underpayment of progress claims nos. 1 to 7 for RM6,512,443.05 together with the retention sums amounting to RM1,211,099.04.

EDSB disputed this claim on the same basis as their counterclaim, and further on the grounds that the dispute between EDSB and TYC is not subject to adjudication as it does not come within the ambit and jurisdiction of the Construction Industry Payment and Adjudication Act 2012. However on 8 March 2018, the High Court of Malaya in Kuala Lumpur has directed EDSB to respond to the adjudication.

On 16 March 2018, EDSB filed its Adjudication Response while TYC filed its Adjudication Reply on 23 March 2018. Subject to any further directions from the Adjudicator, he has 45 working days from 23 March 2018 to deliver his decision.

The total of TYC's claims from Adj. 1376 amounts to RM7,723,542.09. The EDSB's solicitors are of the opinion that there is a fair chance of EDSB succeeding in defending against Adj. 1376.

(c) High Court of Malaya at Kuala Lumpur Originating Summons No. WA-24C-5-01/2018 ("OS-5"). Euroland & Development Sdn. Bhd. v. Tack Yap Construction (M) Sdn. Bhd.

On 4 January 2018, EDSB initiated an Originating Summons against TYC seeking an order and declaration that the disputes arising between TCY and EDSB do not fall within the ambit and jurisdiction of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA 2012").

On 10 January 2018, EDSB filed an application under OS-5 to inter alia, (i) restrain TYC from pursuing and/or proceeding with Adj. 1376; and (ii) stay the Adj. 1376 proceedings, pending the disposal of the OS-5.

On 8 March 2018, OS-5 was dismissed with costs of RM10,000.00 to be paid by EDSB to TYC.

(d) Court of Appeal Civil Appeal No. W-02(C)(A)-675-03/2018. Euroland & Development Sdn. Bhd. v. Tack Yap Construction (M) Sdn. Bhd. [High Court of Malaya at Kuala Lumpur Originating Summons No. WA-24C-5-01/2018]

Arising from the dismissal of the Originating Summons in item (c) above, on 23 March 2018 EDSB appealed to the Court of Appeal, and proceedings are set on 11 June 2018.

The EDSB's solicitors are of the opinion that there is a fair chance of EDSB succeeding in obtaining a declaration that the disputes between EDSB and TYC do not fall within the ambit and jurisdiction of CIPAA 2012.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2018**B11. Earnings Per Share**

The earnings per share for the quarter ended 31 March 2018 is computed as follows:-

	Current	(Restated)	Current	(Restated)
	Quarter	Preceding Year	Period	Preceding
	Ended	Corresponding	Ended	Period
	31/3/2018	Quarter Ended	31/3/2018	Ended
	31/3/2017	31/3/2017	31/3/2017	31/3/2017
(Loss)/Profit for the quarter/period, attributable to ordinary shareholders of the Company (RM'000)	(1,952)	(1,003)	(1,952)	(1,003)
Weighted average number of shares ('000)	267,300	243,000	267,300	243,000
Basic Earnings Per Share (sen)	(0.73)	(0.41)	(0.73)	(0.41)

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 2018.

B12. Corporate Proposal

There were no corporate proposals announced but not completed as at 23 May 2018, being a date not earlier than 7 days from the date of this report.

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 30 May 2018.