EURO™

EURO Holdings Berhad

(646559-T)

2015

ANNUAL REPORT

INSPIRATION at *Work*

our business

IS TO KNOW YOURS

A Mission We Strive To Acomplish Everyday.

Understanding what your real business needs are the forms of the basis of our partnership with you. For only then can we deliver true customer satisfaction. At EURO, we live by this one mission statement that has guided us from very humble beginning to become a world-class corporation.

PHILOSOPHY

To help all our partners and employees stay focused on a common goal, we'd like to share with everyone a new philosophy which we believe will help us all realise our dreams and aspirations.

VISION

Be a business partner to our customers so that we can help create workspaces that inspire people to produce their best.

MISSION

Provide work space consultancy as a value added service in addition to producing the highest quality range of products and services.

VALUES

Quality :

Understanding that in our business, no service or care for our customer is of value if our product is not of top quality.

Service :

Believing that the close of every sale should open up to the next and this comes with providing great service with our product.

Partnership :

We are not mere sales people peddling products. We strive to understand our customer's business thoroughly in order to provide them with solutions and not just products.

INSIDE

www.eurochairs.com

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Rawang Industrial Estate, 48000 Rawang,
Selangor Darul Ehsan, Malaysia
FAX +603 6092 3000 TEL +603 6092 6666

Corporate Information

BOARD OF DIRECTORS
Dato' Sri Mohd Haniff Bin Abd Aziz
Chairman, Independent Non-Executive Director

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Group Managing Director

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Independent Non-Executive Director

Dato' Tong Yun Mong
Executive Director

Tan Poh Ling
Independent Non-Executive Director

Kevin Sathiaseelan A/L Ramakrishnan
Independent Non-Executive Director

AUDIT COMMITTEE
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman

Tan Poh Ling
Member

Kevin Sathiaseelan A/L Ramakrishnan
Member

REMUNERATION COMMITTEE
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Member

Dato' Tong Yun Mong
Member

Tan Poh Ling
Member

Kevin Sathiaseelan A/L Ramakrishnan
Member

NOMINATION COMMITTEE
Tan Poh Ling
Chairperson

Dato' Sri Mohd Haniff Bin Abd Aziz
Member

Kevin Sathiaseelan A/L Ramakrishnan
Member

COMPANY SECRETARIES
Tan Tong Lang - MAICSA 7045482
Chong Voon Wah - MAICSA 7055003

REGISTERED OFFICE
Suite 10.03, Level 10
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Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
T : (603) 2279 3080
F : (603) 2279 3090
Email : admin@boardroom.com.my

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T : (603) 6092 6666
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Email : corporate@eurochairs.com
Website : www.eurochairs.com

AUDITORS
Nexia SSY (A.F. 2009)
SSY Building @ Sentral
Level 1, 2A Jalan USJ Sentral 3
USJ Sentral, Persiaran Subang 1
47620 Subang Jaya
Selangor Darul Ehsan
T: (603) 8025 9793
F: (603) 8025 9803

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
T : (603) 2783 9299
F : (603) 2783 9222

PRINCIPAL BANKERS
United Overseas Bank (Malaysia) Bhd
Hong Leong Bank Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Name: EURO
Stock Code: 7208

Corporate Structure

EURO Holdings Berhad
(646559-T)

- 100% — **ECSB** — Euro Chairs (M) Sdn Bhd (204498-V)
- 100% — **ESL** — Eurosteel Line Sdn Bhd (890287-M)
- 75.76% — **ES** — Eurosteel System Sdn Bhd (885526-M)
- 100% — **Euroland** — Euroland & Development Sdn Bhd (936529-K)
- 100% — **ECM** — Euro Chairs Manufacturer (M) Sdn Bhd (164921-X)
- 100% — **ESI** — Euro Space Industries (M) Sdn Bhd (105420-W)
- 100% — **ECS** — Euro Chairs System Sdn Bhd (121935-M)
- 100% — **ESS** — Euro Space System Sdn Bhd (378220-D)

Board of Directors

From left to right:

1. Kevin Sathiaseelan A/L Ramakrishnan
2. Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
3. Tan Poh Ling
4. Dato' Sri Mohd Haniff Bin Abd Aziz
5. Dato' Tong Yun Mong
6. Dato' Sri Choong Yuen Keong @ Tong Yuen Keong

Board of Directors' **Profile**

Dato' Sri Mohd Haniff bin Abd Aziz
Chairman, Independent Non-Executive Director

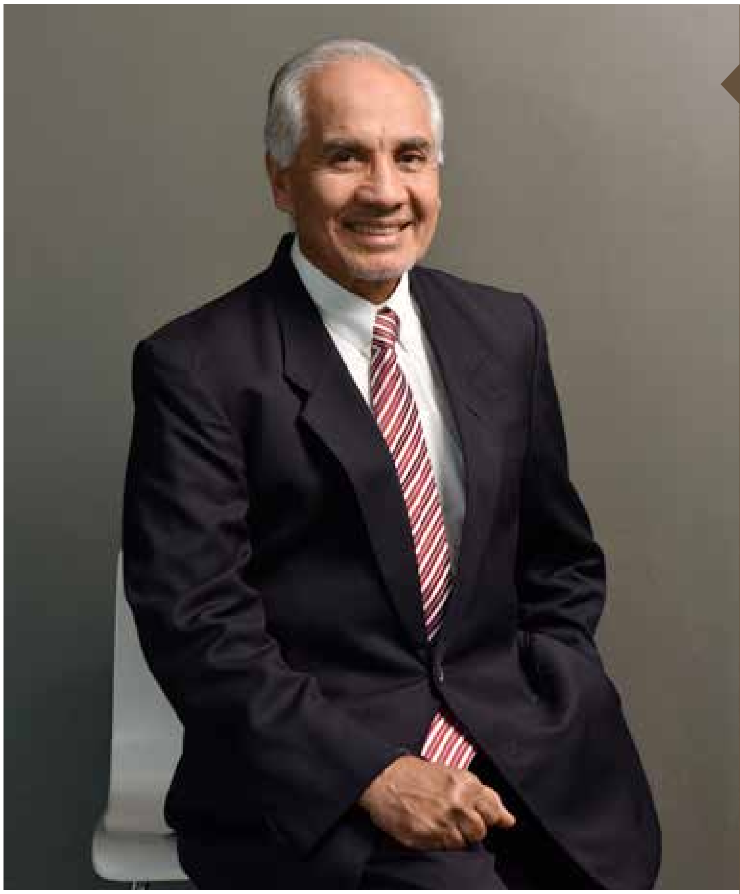
Dato' Sri Mohd Haniff bin Abd Aziz, a Malaysian aged 62, was appointed to the Board on 1 October 2014 as Chairman of EURO. He joined the Board of EURO as a Non-Independent Non-Executive Director and was re-designated as Independent Non-Executive Director on 15 May 2015. He is also a member of the Nomination Committee of EURO.

Dato' Sri Mohd Haniff graduated from University of Malaya with the degree of Bachelor of Economics (Honours) in year 1975. He has served the Ministry of International Trade and Industry (MITI) for 19 years until his early retirement in 1994. During his tenure at MITI, he was the Assistant Director of the Ministry from 1975 to 1978 before serving in the Permanent Mission of Malaysia to the United Nations in Geneva until 1981. Dato' Sri Mohd Haniff was then assigned as Malaysian Trade Commissioner to the Philippines for the next five years, then to Thailand until 1991. He has also served as the Director of the Malaysian External Trade Development Corporation from 1991 to 1994. At present, Dato' Sri Mohd Haniff also sits on the board of directors of Jerasia Capital Berhad.

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Group Managing Director

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong, a Malaysian aged 56, was appointed as a Non-Independent Non-Executive Director of EURO on 24 April 2007. On 29 February 2012, he has been re-designated as an Executive Director of the Company following his appointment as the Managing Director of a wholly-owned subsidiary in the property division. On 23 October 2014, he was appointed as the Group Managing Director of EURO. He is also member of the Remuneration Committee of EURO.

Dato' Sri Choong started his career in construction site management and after eleven years, he moved on to property development, where he served for more than 20 years. With his wealth of experience in civil engineering, building construction and property development, at present, he was the owner of several property development companies. Spearheading the reputable Beverly Heights project in Kuala Lumpur since 2003, Dato' Sri Choong also ventures into a similar prestigious project in Penang which offers state-of-the-art living conditions, characterized by ultra-modern facilities. He is not a Director of any other public listed company. He is the sibling of Dato' Tong Yun Mong who is the Executive Director and a substantial shareholder of EURO.



Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
Independent Non-Executive Director

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, a Malaysian aged 69, was appointed as an Independent Non-Executive Director of EURO on 1 October 2004. He is also the Chairman of the Audit Committee and Remuneration Committee of EURO.

Datuk Dr. Syed Muhamad graduated with a Bachelor of Arts degree from University of Malaya in 1971 and obtained a Ph.D in Business Management from Virginia Polytechnic Institute and State University (USA) in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons) degree from University of Malaya and obtained a Certificate in Legal Practice in 2008. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009. In November 2009, he completed his LLM (Corporate Law) degree from Universiti Teknologi Mara (UITM). In July 2011, he became a member of The Chartered Institute of Arbitrators, United Kingdom. Subsequently, he became a fellow member of the Institute in May 2012.

Datuk Dr. Syed Muhamad started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (Intan) and held various positions prior to his appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and assumed the position of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) of the Finance Division, Federal Treasury. From 1993 to 1997, he joined the Board of Directors of Asian Development Bank, Manila, Philippines, initially as an Alternate Executive Director and later as an Executive Director. Datuk Dr. Syed Muhamad then joined the Ministry of Finance as Secretary of Tax Analysis Division and later became the Deputy Secretary (Operations). Prior to his retirement, he was the Secretary General in the Ministry of Human Resource.

Datuk Dr. Syed Muhamad is the Chairman of CIMB Islamic Bank Berhad and CIMB Middle East BSC. He is also a director of CIMB Bank Berhad, Solution Engineering Holdings Berhad, BSL Corporation Berhad, ACR ReTakaful Berhad, Malakoff Corporation Berhad, Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad. He also sits on the board of several private limited companies.

Board of Directors' **Profile** (continued)

Dato' Tong Yun Mong
Executive Director

Dato' Tong Yun Mong, a Malaysian aged 61, was appointed as the Executive Director of EURO on 23 October 2014. He is also a member of Remuneration Committee of EURO.

Dato' Tong has more than 20 years of experience in property development, building construction, civil engineering works, earthworks and transportation of ready mix concrete plant. Besides his operational experience, he has served as an Independent Non-Executive Director of a local public listed company from 1999 to 2012. At present, Dato' Tong also sits on the Board of Directors of various property development companies.

Dato' Tong is not a Director of any other public listed company. He is the sibling of Dato' Sri Choong Yuen Keong who is the Group Managing Director and a substantial shareholder of EURO.

Tan Poh Ling
Independent Non-Executive Director

Tan Poh Ling, a Malaysian aged 45, was appointed as an Independent Non-Executive Director of EURO on 21 January 2009. She is the Chairperson of Nomination Committee and a member of Audit Committee and Remuneration Committee of EURO.

Ms. Tan obtained her professional qualification from Malaysian Association of Certified Public Accountant while she was working with an international accounting firm, PriceWaterhouse Coopers Malaysia, from 1990 to 1995. She is registered as a Chartered Accountant with the Malaysian Institute of Accountants and Certified Public Accountant with Malaysian Institute of Certified Public Accountants. She is also a Financial Planner with the Financial Planning Association of Malaysia and an associate member of the Chartered Tax Institute of Malaysia.

Ms. Tan has more than 20 years of experience in auditing, accounting, taxation and corporate finance, and has worked in a multinational corporation. She is currently the Managing Partner of TPL & Associates, an auditing and business advisory firm which she established in 2004. She is not a Director of any other public listed company.

Kevin Sathiaseelan A/L Ramakrishnan
Independent Non-Executive Director

Kevin Sathiaseelan A/L Ramakrishnan, a Malaysian aged 41, was appointed as an Independent Non-Executive Director of EURO on 23 October 2014. Kevin is presently a member of the Audit Committee, Nomination Committee and Remuneration Committee of EURO

Kevin is a practicing lawyer and has been in active practice since 2001. He also lectures law in higher learning institutions and is an author of several law texts. He is not a Director of any other public listed company.

NOTES :

1. Save as disclosed above, none of the Directors have:

   a. any family relationship with any directors and/or substantial shareholders of the Company; and

   b. any conflict of interest with the Company

2. None of the Directors have any conviction for offences (other than traffic offences) within the past 10 years.

the essence of

TRUE PARTNERSHIP

SHARING OUR BELIEFS

People work best together when there's great teamwork that encourages a culture of excellence. At EURO, we call it partnership.

The partnership we have with each customer is built on the mutual understanding that we are here to help you grow your business. In essence, we work hard to learn about the strengths of your business and even its limitations. It's about knowing what works for you and what doesn't. This makes it easier for us to contribute to your request to achieve your company's goal and aspirations.

We believe that in this constantly changing world, it helps to have a partner that you can count on.

Thomas Tong Kah Hoe
Group Chief Operating Officer

Thomas Tong Kah Hoe, a Malaysian aged 50, was appointed as Group Chief Operating Officer in October 2014. He has extensive experience in construction and security with management skills gained from overseas experience for 12 years. Thomas Tong is in charge and responsible for overall group operations and strategies as well as new business development.

Tan Boo Chuan
Chief Executive Officer of Manufacturing Division

Tan Boo Chuan, a Malaysian aged 49, was appointed Chief Executive Officer (Manufacturing Division) in October 2015. He joined EURO in May 2014 as the General Manager, Operations before the re-designation.

Mr Tan started his career in banking in 1986. In his 28 years of experience in the banking industry, he has held various senior positions in the areas of human resource, strategic planning and business transformation. Mr Tan holds an International Diploma in Computer Studies from The National Centre for Information Technology, UK.

Chairman's Statement

Dato' Sri Mohd Haniff bin Abd Aziz
Chairman, Independent Non-Executive Director

ECONOMY & INDUSTRY REVIEW

2015 turned out to be a year of contrasts, with some of the variables auguring well for the Malaysian economy. Propelled by robust consumer spending, the country's economy beat expectations by growing 4.5% annually in the fourth quarter, bringing the full year's growth in 2015 to 5.0%.

Malaysia's total trade for 2015 grew by 1.2% to reach RM1.466 trillion, compared to RM1.448 trillion in 2014. Exports grew by 1.9% despite the challenging economic environment, to reach a value of RM779.95 billion, with manufactured goods in the lead. According to Malaysia External Trade Development Corporation (MATRADE), Malaysia's exports of furniture in the first 10 months of 2015 registered at RM7.5 billion, a 13% increase from the year before. The nation remains as the tenth largest exporter of furniture in the world, exporting 80% of its production.

CORPORATE DEVELOPMENT

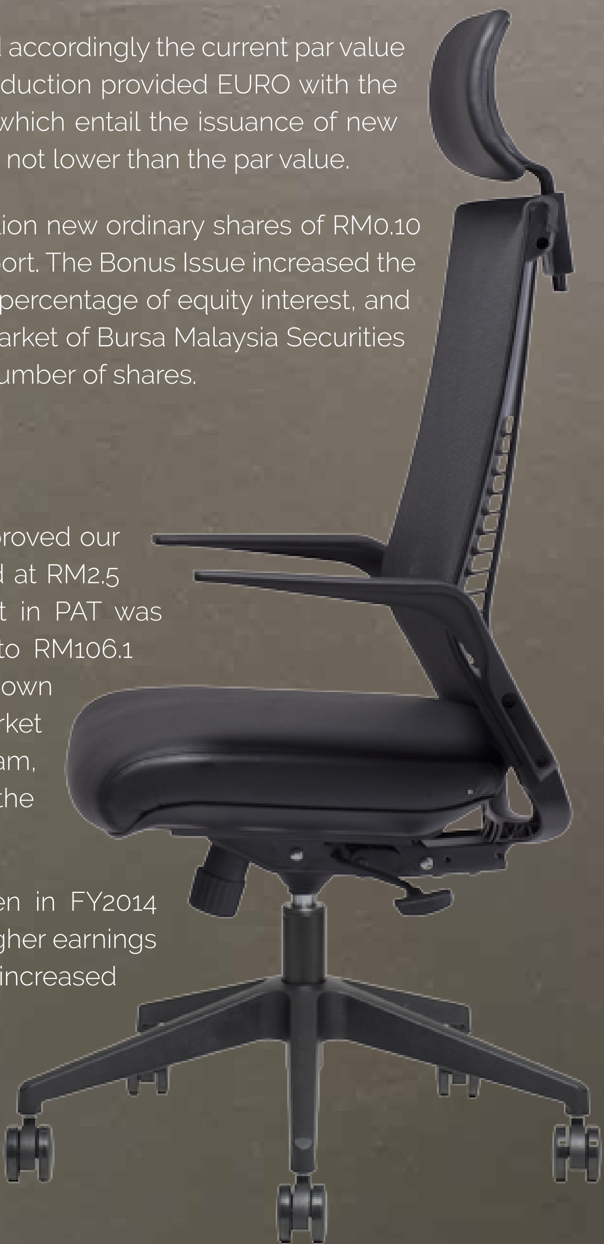
On 20 August 2015, EURO completed a par value reduction exercise and accordingly the current par value of the ordinary share of the Company is RM0.10 each. The par value reduction provided EURO with the flexibility to raise funds and to implement future corporate proposals which entail the issuance of new ordinary shares of EURO at an issue price closer to the market price but not lower than the par value.

On 9 September 2015, EURO also completed a bonus issue of 162 million new ordinary shares of RM0.10 each ("Bonus Issue") to reward its shareholders for their continuous support. The Bonus Issue increased the number of shares held by EURO shareholders, whilst maintaining their percentage of equity interest, and able to encourage the trading liquidity of EURO's shares on the Main Market of Bursa Malaysia Securities Berhad via a greater participation by investors with the increase in the number of shares.

FINANCIAL OVERVIEW

In FY2015, operation efficiency and favourable exchange rates had improved our overall profitability. The profit after taxation ("PAT") of FY2015 registered at RM2.5 million, an increase from RM2.4 million in FY2014. The improvement in PAT was achieved despite revenue of RM92.5 million for FY2015, compared to RM106.1 million in FY2014. Both local and export markets experienced a slowdown in sales, particularly in the second and third quarter of FY2015. As market demand normalised, coupled with effort from the management team, total sales in the fourth quarter improved commendably compared to the previous two quarters.

Earnings per share for FY2015 were 0.88 sen compared to 0.99 sen in FY2014 (reinstated for the number of shares after Bonus Issue in 2015) due to higher earnings attributed to non-controlling interest in FY2015. The Group's net assets increased to RM70.6 million in FY2015 from RM68.8 million in FY2014.



MARKETING

EURO made its brand present on the local and international fronts by participating at the annual Malaysian International Furniture Fair (MIFF) held at Putra World Trade Center in March 2015. The five-day event was attended by more than 6,000 buyers from 140 countries. EURO won the first prize in the Best Presentation Award (Bare Space Booth Category) as well as the Silver Award in the Furniture Excellence Award (Office Furniture Category).

OUTLOOK & PROSPECTS

According to the International Monetary Fund's latest World Economic Outlook Update, advanced economies will see modest recovery in 2016, but emerging market and developing economies will be confronted with the reality of lower growth. On the home front, the World Bank is projecting Malaysia's gross domestic product (GDP) at 4.7% for 2016, with the easing of private consumption, continuation of low oil prices, and the effect of low commodity prices of exports.

OUTLOOK & PROSPECTS (continued)

The U.S, Euro zone and Japan are all expected to experience continued firm-up economy and stronger private consumption; these are Malaysia's and Asia region's top trading partners. There are also bright spots forecast for parts of Asia. This aligns well with EURO's continued focus in the region, specifically in marketing our system furniture in India, Indonesia, and Vietnam.

2016 also marks another milestone for EURO as we celebrate our 40th anniversary. Plans are in the pipeline to re-establish our brand and further secure our seasoned foothold in the office furniture industry.

EURO is proud to announce the launch of our inaugural residential project, Damai Vista which is located in the heart of Alam Damai, Cheras. This is the Group's first foray into property development to have come to fruition, in our effort to diversify revenue.

With our dedicated staff, advance technology and unique brand positioning, EURO will remain on course in achieving our financial and expansion targets in the rapidly changing marketplace.

DIVIDENDS

The Board of Directors does not recommend any payment of dividend for the year ended 31 December 2015 to conserve cash for working capital requirements and expansion plans of the Group.

APPRECIATION

On behalf of the Group, I wish to thank the EURO team for continuing our tradition in improving our business practices, strengthening relationships and building sustainable values for EURO.

To our shareholders, customers, business partners and associates, your confidence and support will always be the fuel charging us forward into a greater year ahead.

Dato' Sri Mohd Haniff bin Abd Aziz
Chairman, Independent Non-Executive Director

Group Managing Director's Review of Operations

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Group Managing Director

BUSINESS REVIEWS

The past years have been trying for the furniture industry in Southeast Asia and the world over. The decline of crude oil prices is turning out to be a double-edged sword for emerging markets and oil exporting countries like Malaysia.

Operationally, EURO continues its focus on the standardisation and automation of manufacturing process to streamline resources and eliminate unnecessary spending. Financially, efficiency and solid business execution have helped to improve our gross margin and profit. Coupled with favourable exchange rates from the second quarter onwards, profit before tax for FY2015 has improved by RM0.9 million to RM3.8 million as compared to FY2014. This was achieved against a lower revenue generated in FY2015 as compared to the previous year.

Group Managing Director's Review of Operations (continued)

DOMESTIC

Revenue generated from the local market in FY2015 was RM23.7 million, a decrease of RM9.8 million as compared to FY2014. First quarter witnessed higher sales numbers, whereas sales for the second and third quarters were low. However, we saw local demand normalise and sales started to pick up in the fourth quarter.

EXPORT

There is a mixed effect of the strong U.S dollar and the low commodities price, with commodity exporting countries experience low domestic demands and slower economic growth. On the other hand, appreciating U.S dollar benefited companies that specialise in foreign trade by boosting export.

Revenue generated from export market was RM68.8 million and whilst the average selling prices increased due to better exchange rates, sales volume experienced a setback due to lower foreign demand. As a result, total revenue from export market decreased by RM3.8 million as compared to FY2014.

Export to Indonesia has been increasing for the second consecutive year, reaching RM5.1 million in FY2015. Other countries such as India, Hong Kong and Singapore also contributed positively to our revenue.

OPERATION EXPANSION

One of the key factors to EURO's sustained buoyancy has and will be not waiting for opportunities to knock. Instead, we create them. Our team is always identifying new developing office spaces and buildings around the nation's capital and the Iskandar Region in Johor as possible prospects. We are dedicated not merely to creating desks, chairs or shelving. We are driven to stay ahead of the game by reinventing the workspace and the way people work. With your support, we will continue to imagine, innovate and inspire!

In another development, our property division has been hard at work in the past years to secure its first property development project. We are proud to unveil Damai Vista (damaivista.com), featuring 322 units of freehold condominium sprawling across more than four acres and strategically located in Alam Damai, Cheras. The project was launched in first quarter of 2016 and expected to be completed by 2018.

LOOKING FORWARD

World economic growth is expected to show a modest improvement from 2.6% in 2015 to 2.9% in 2016. For the Asia-Pacific (APAC) region, despite moderate growth in China and possible further U.S rate hikes, the region's economic growth is expected to remain resilient in 2016. Overall APAC's GDP growth is forecast at 4.6% in 2016, very similar to the 4.7% estimated for 2015. And Southeast Asia in particular will remain a dynamic area for the furniture sector, with Malaysia as one of its leading furniture exporters. Overall, the global economic outlook remains challenging but EURO remains optimistic that the market will stabilize and improve in time.

EURO has weathered through tumultuous economic weather by looking for the silver lining in every situation and 2016 is no different. We will continue to eliminate our weaknesses, streamline our operations, rationalize our resources, diversify our portfolio and explore new opportunities.

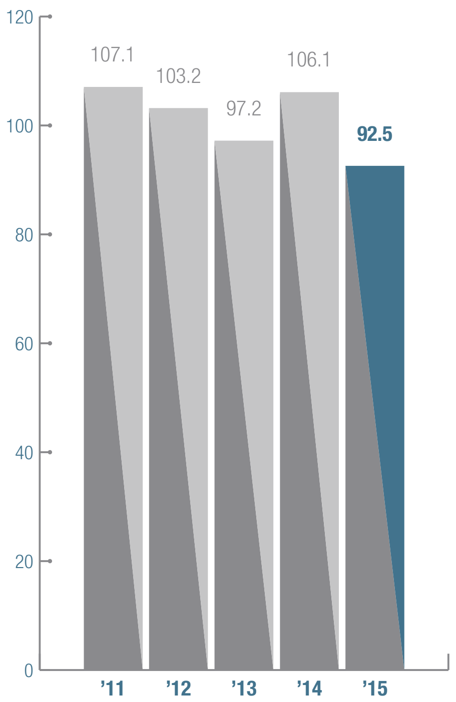
APPRECIATION

EURO's success is due in no small part to the hard work and commitment of the staff, management and my fellow Board members. I am grateful to have each and every one of you on the team. I would also like to thank our customers, shareholders and business partners for their faith and support in us through our various initiatives in 2015.

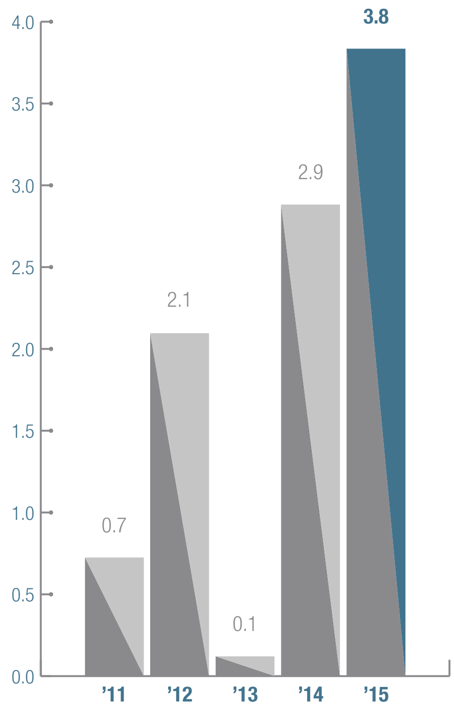
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Group Managing Director

Group Financial Highlights

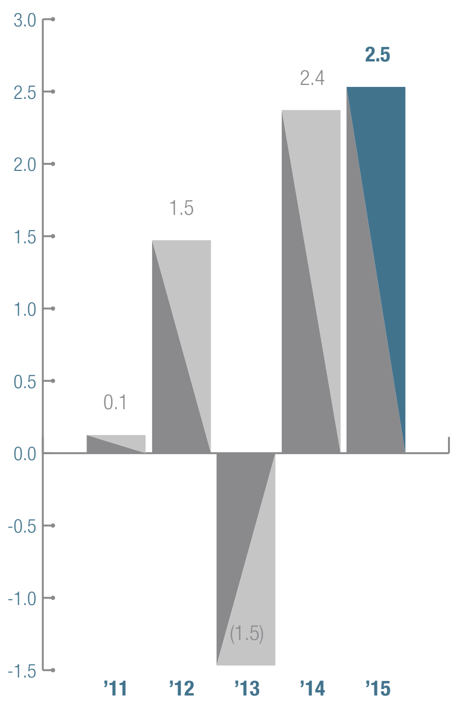
Revenue (RM' million)



Profit before taxation (RM' million)



Profit after taxation (RM' million)



	2015	2014	2013	2012	2011
Operating Results (RM'000)					
Revenue	92,487	106,113	97,215	103,172	107,076
EBITDA	10,831	9,974	7,329	9,399	7,896
Profit before taxation	3,836	2,884	121	2,100	725
Profit /(Loss) after taxation	2,532	2,372	(1,468)	1,472	125
Net profit attributable to equity holders	2,147	2,409	(1,630)	1,472	125
Key Data of Statement on Financial Position (RM'000)					
Total assets	126,517	120,308	123,939	129,059	131,533
Net borrowings	25,056	24,818	34,469	36,917	36,234
Shareholders' equity	70,599	68,769	66,360	67,890	66,418
Share Information & Key Financial Ratios					
Return on equity (%)	3.59	3.45	(2.21)	2.17	0.19
Return on total assets (%)	2.00	1.97	(1.18)	1.14	0.10
Gearing ratio (times)	0.35	0.36	0.52	0.54	0.55
Interest cover (times)	3.31	2.59	1.06	1.99	1.36
Number of ordinary shares in issue ('000)	243,000	81,000	81,000	81,000	81,000
PE ratio (times)	28.30	18.49	(18.63)	15.96	174.96
Earnings per share attributable to equity holders (sen)	0.88	2.97	(2.01)	1.82	0.15
Net asset per share (sen)	29.05	84.90	81.93	83.81	82.00
Share price as at financial year end (sen)	25.0	55.0	37.5	29.0	27.0

The Board of Directors ("the Board") of Euro Holdings Berhad ("EURO" or the "Company") believes that good corporate governance is fundamental to ensure long-term sustainability and good business performance of the organization. Therefore, the Board is committed to ensuring the highest standards of corporate governance are practiced throughout EURO and its subsidiary companies (the "Group"), as a fundamental part of discharging the Board responsibilities to create and enhance economic value for shareholders as well as other stakeholders.

This statement sets out the commitment and describes how the Group has applied the principles towards the following guides:

- Companies Act, 1965 ("CA 1965");
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
- Malaysian Code on Corporate Governance 2012 ("MCCG 2012"); and
- Second Edition of Corporate Governance Guide issued by Bursa Securities.

Save where otherwise identified specifically, EURO has complied with the above-mentioned requirements and/or guides throughout the financial year under review.

SECTION 1: THE BOARD OF DIRECTORS

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the Best Practices Provision AA I in Part 2 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

Duties and Responsibilities of the Board

The Board retains full and effective control over the affairs of the Group and the Company. This includes responsibility for determining the Group's and the Company's development and overall strategies direction which are as follows:

- reviewing and providing guidance on the Company's and Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long range business plans, reviewing major capital expenditures, acquisitions and disposals;
- monitoring corporate performance and the conduct of the Group's business and to ensure compliances to best practices and principles of corporate governance;
- identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee;
- ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control systems and management information system are in compliance with the applicable standards, laws and regulations;
- ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the calibre of the Non-Executive Directors bring an independent judgment in the decision making process;
- ensuring a proper succession plan is in place;
- monitoring material litigations (if any);
- approving all financial reports to be published and related stock exchange announcements;
- monitoring other material reporting and external communications by the Group;
- approving the dividend policy and payment of dividends;
- appointing external auditors (subject to shareholder's approval); and

SECTION 1: THE BOARD OF DIRECTORS (continued)

Duties and Responsibilities of the Board (continued)

- evaluating and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

Board Charter

The Company has formalised a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter also stated that the Board shall observe the Directors' Code of Best Practice.

The Board Charter will be periodically reviewed and updated to take into consideration the needs of the Company as well as development in rules and regulations that may have an impact on the Board's responsibilities. The Board Charter is accessible through the Company's website at www.eurochairs.com.

Composition and Balance

The current Board consists of an Independent Non-Executive Chairman, a Group Managing Director, an Executive Director and three (3) Independent Non-Executive Directors. The Company complies with the criteria of the MMLR of Bursa Securities, of having at least one third or two of the Board members as Independent Non-Executive Directors. The profile of each Director is presented on pages 6 to 9 of this Annual Report.

The Board believes that the current composition and size is adequate to discharge its duties and responsibilities effectively and competently. The Board members have diverse professional and entrepreneurial background, varied skills and experiences. The Independent Non-Executive Directors provide the necessary check and balance in the Board's exercise of its functions and independent evaluation of the Board's decision making process. The Board has a female representative in accordance with the recommendation of the Code with regards to female representation.

The Board recognises the importance of a clear division of roles and responsibilities at the head of the Group to ensure a balance of power and authority. The Non-Executive Chairman is primarily responsible for orderly conduct and effective running of the Board, whilst the executive Directors are responsible for the business direction and development of the operating units, organisational effectiveness and implementation of the Board's policies and decisions with the Management team oversees the Group's day-to-day operations.

Annual Assessment of Independence

The Company currently has four (4) Independent Directors. All Independent Directors have provided an annual confirmation of their independence to the Board. During the financial year under review, the Board had assessed the contribution and performance of the Independent Non-Executive Directors. The Board was satisfied that none of the Independent Directors had any relationships that could materially interfere with, or perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interest of the Company.

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir was appointed as Independent Non-Executive Director since 1 October 2004. Pursuant to Recommendation 3.2 of MCCG 2012, he has served as an Independent Director of EURO for a cumulative period of more than nine (9) years.

SECTION 1: THE BOARD OF DIRECTORS (continued)

Annual Assessment of Independence (continued)

Pursuant to Recommendation 3.3 of MCCG 2012, and notwithstanding his long tenure in office, the Board based on the review and recommendations made by the Nomination Committee is unanimous in its opinion that Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir possesses the attributes necessary in discharging his role and functions as an Independent Director of the Company and that his independence has not been compromised or impaired in any way after having noted that during his tenure in office:

- he exercises due care in all undertakings of the Group and in his fiduciary duties in the interest of the Company and minority shareholders;

- he has not developed, established or maintained any significant relationship which would impair his independence as an Independent Director with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as Independent Non-Executive Director, Chairman or member of the Board's Committees;

- he has never transacted or entered into any transactions with, nor provided any service to the Group, within the scope and meaning set forth under Paragraph 5 of Practice Note 13 of the MMLR; and

- he has not been granted any options by the Company, other than Director's fees and allowances paid which has been an industry norm and within acceptable market rates, duly disclosed in the Annual Reports. No other incentives or benefits of whatsoever nature had been paid to him by the Company.

Accordingly, the Board recommends to retain Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir as an Independent Non-Executive Director of the Company despite the expiry of his nine (9) years tenure in office and will be proposing an Ordinary Resolution to the shareholders at the forthcoming Annual General Meeting for the said purpose.

The independence assessment of the Board shall be performed on an annual basis.

Board Meetings

At least four (4) Board Meetings are held annually, each meeting being scheduled to be held within two (2) months after each quarter to consider the quarterly financial results and to review operational performance. Additional meetings are convened as and when necessary. During the financial year under review, the Board met a total of five (5) times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	Attendance at meeting	Percentage of Attendance (%)
Dato' Sri Mohd Haniff Bin Abd Aziz	5/5	100
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	5/5	100
Dato' Tong Yun Mong	5/5	100
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	5/5	100
Tan Poh Ling	5/5	100
Kevin Sathiaseelan A/L Ramakrishnan	5/5	100

Supply of Information

All Directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers, including information on financial, operational and corporate matters. Board papers are circulated within sufficient time to enable Directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting.

All Directors, whether as a full Board or in their individual capacity, have access to the advice of the Company Secretary and management staff. Where considered necessary, the Board may also engage the services of Independent Professional Advisors on specialized issues in furtherance of their duties.

SECTION 1: THE BOARD OF DIRECTORS (continued)

Appointment of Directors

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Director. In making these recommendations, factors such as mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed Director is put forward to the Board for consideration and approval.

Re–Election

In accordance with the Articles of Association and in compliance with the MMLR, all Directors are required to retire from office once at least in each three (3) years, and shall be eligible for re-election. The Articles of Association also require that at least one third (1/3) of the Board of Directors shall retire at each Annual General Meeting and may offer themselves for re-election.

Directors' Remuneration

The Company's remuneration policy for Director is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The Remuneration Committee is entrusted with the responsibilities to make recommendations to the Board, the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Group during the financial year ended 31 December 2015 are as follows:

Aggregate remuneration categorized into appropriate components:

	Fees (RM'000)	Salaries and Allowances, inclusive of EPF contributions (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	-	678	94	26	798
Non-Executive Directors	222*	-	-	24	246
Total	222	678	94	50	1,044

* Inclusive of amount due to Directors of RM35,135 as at 31 December 2015 for two (2) months Directors' fees net of statutory deductions.

Remuneration bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1-RM50,000	-	3	3
RM100,001-RM150,000	-	1	1
RM300,001-RM350,000	2	-	2
Total	2	4	6

Note:

1. *For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to individual Director. The Board is on the view that the transparency and accountability aspects of the corporate governance on Directors' remuneration are appropriately served by the band disclosure made.*

SECTION 1: THE BOARD OF DIRECTORS (continued)

Directors' Training and Education

All Directors appointed to the Board had attended the Mandatory Accreditation Programme accredited by Bursa Securities. The Board will evaluate the Directors' training needs and attend other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

During the year, the Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues, trends and best practices. Conferences, seminars and training programmes attended by the Directors in 2015 are as follows:

Seminar / Conference / Workshop	Details of Programme
Corporate Governance	• Briefing session on Shariah Risk Management Framework • Asian World Summit 7th Annual Corporate Governance Summit
Roles of an Effective Board	• How the BOD can Successfully Drive Changes in an Organisation# • PowerTalk Series by MINDA "Executing Your Growth Strategy with Certainty" • FIDE Forum "Board's Strategic Leadership: Innovation & Growth in Uncertain Times" • FIDE Forum "Board Leading Change: Organisational Transformation Strategy as Key to Sustainable Growth in Challenging Times" • FIDE Directors Register Focus Group Sessions: Insurance Companies (Takaful & Conventional) • FIDE Focus Group - Islamic Banking & Investment Banking Businesses • FIDE Focus Group - Insurance, Takaful and Reinsurance Businesses
Management	• Bursa Advocacy session on management discussion & analysis statement • MIA briefing on Personal Data Protection Act
Accounting and Economics	• MIA International Accountants Conference 2015 • CTIM National Tax Conference 2015 • Bursa Invest Malaysia 2015 • Briefing Session on Bank Negara Malaysia Annual Report 2014 / Financial Stability & Payment Systems Report 2014 • BNM – FIDE Forum Dialogue with the Governor, Bank Negara Malaysia • FIDE Forum "Impact of the New Accounting Standards on Insurance Companies – what Directors should be aware of"

#In-house training provided by external training provider attended by all Directors

SECTION 2: COMMITTEES OF THE BOARD

The Board delegates certain responsibilities and duties to Board Committees which operate within clearly defined terms of reference. This is to allow the members of the Board Committees to deliberate and examine issues in greater details and subsequently recommend and report to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board Committees for the financial year under review are as follows:

Audit Committee

The Audit Committee was established in February 2005. The members of the Audit Committee who served during the financial year are:

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman, Independent Non-Executive Director

Tan Poh Ling
Member, Independent Non-Executive Director

Kevin Sathiaseelan A/L Ramakrishnan
Member, Independent Non-Executive Director

The responsibilities, detailed term of reference and the activities of the Audit Committee during the financial year are set out in the Audit Committee Report on pages 33 to 37 of this Annual Report.

Nomination Committee

The Nomination Committee ("NC") was established in February 2005. The NC shall be responsible of nominating the appropriate Board balance and size as well as ensuring that the Board possesses the required mix of responsibilities, skills and experience. The NC met twice during the financial year. The members of the NC who served during the financial year are:

Tan Poh Ling
Chairperson, Independent Non-Executive Director

Dato' Sri Mohd Haniff Bin Abd Aziz
Member, Independent Non-Executive Chairman

Kevin Sathiaseelan A/L Ramakrishnan
Member, Independent Non-Executive Director

Terms of reference of NC are summarised below.

A. Membership and Chairman

The NC shall be appointed by the Board from among the Directors of the Company and shall consist of a minimum of three (3) members comprise exclusively of non-executive Directors, a majority of whom must be independent Director. The members of the NC shall elect the Chairman from among their members who shall be an Independent Non-Executive Director.

B. Meeting and Minutes

The NC shall meet at minimum once in a financial year and hold additional meetings as and when necessary. A quorum shall consist of at least two or half of the NC, whichever is the higher, of which the members present must be a majority of Independent Non-Executive Directors.

The Company Secretary or a nominee shall act as secretary of the NC. The secretary shall call for a meeting at the request of the NC Chairman. Notice of meeting together with agenda of items and supporting papers to be discussed, shall be forwarded to NC member no later than five (5) working days before the meeting.

The secretary shall minute the proceedings and resolutions. Approved minutes shall be circulated to the Board unless conflict of interest exists.

SECTION 2: COMMITTEES OF THE BOARD (continued)

Nomination Committee (continued)

C. Authority

The NC shall have access to resources and information as deemed appropriate for discharge of its responsibilities, including obtaining independent professional advice at the Company's expense and periodic review of its terms of reference against its performance.

D. Duties and Functions

i) New appointments

a) Consider and recommend to the Board candidates for directorship, taking into consideration the candidates' skills, knowledge, expertise, experience, time, commitment, character, professionalism and integrity. For position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities as expected from Independent Non-Executive Director.

b) Evaluate the balance of skills, knowledge, experience and diversity on the existing Board, prior to considering and recommending candidates to the Board.

c) In the case of the appointment of Chairman of the Board, any significant commitment shall be disclosed to the Board prior to the appointment.

d) In consultation with the Chairmen of the various Board Committees, recommend candidates to the Board to fill the seats on Board Committees. In the event of the Chairman's position (Board or Board Committees) to be filled, NC shall consult the Board.

ii) Re-election, Re-appointment and Resignation or Termination

a) Recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement, with due consideration to the extent to which the interplay of the Director's expertise, skills, knowledge and experience with those of other Board members, as well as their roles as committee members.

b) Matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.

c) The re-appointment of any Non-Executive Director at the conclusion of his/her terms of office having given due regard to performance and ability to continue to contribute to the Board in terms of knowledge, skills and experience required.

iii) Annual Performance Assessment

a) Review annually the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of individual Directors.

b) Review annually the time required of Independent Non-Executive Directors.

c) Evaluate and appraise the performance of the Chairman of the Board.

iv) Review the training needs of Directors and ensure that training programs attended by Directors must be one that aids in the discharge their duties.

v) Size of Board and Independent Directors

a) Review the size, structure and composition of the Board, taking into consideration the number of directorship, to achieve the desirable balance in Board membership.

b) Assess desirable number of Independent Directors.

SECTION 2: COMMITTEES OF THE BOARD (continued)

Remuneration Committee

In line with the Best Practices of the Code, the Board has set up a Remuneration Committee in February 2005 to assist the Board in determining the Director's remuneration. The Remuneration Committee meets at least once a year. The members of the Remuneration Committee who served during the financial year are:

- **Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir**
  Chairman, Independent Non-Executive Director

- **Dato' Sri Choong Yuen Keong @ Tong Yuen Keong**
  Member, Group Managing Director

- **Dato' Tong Yun Mong**
  Member, Executive Director

- **Tan Poh Ling**
  Member, Independent Non-Executive Director

- **Kevin Sathiaseelan A/L Ramakrishnan**
  Member, Independent Non-Executive Director

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

Recognizing the importance of transparency and the need for timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of all important issues and major developments of the Company and the information is communicated to them through the following documents:

- Annual Report
- The various disclosures and announcements made to Bursa Securities including the Quarterly Reports and Annual Financial Statements
- Circulars to Shareholders
- Shareholders may obtain the Company's latest announcements via the Bursa Securities' website at www.bursamalaysia.com
- The investors relation site via the Company's website at www.eurochairs.com

Annual General Meeting ("AGM")

Notice of AGM which is contained in the Annual Report is sent out at least 21 days prior to the date of the meeting. There will be commentary by the Chairman at the AGM regarding the Company's performance for each financial year and a brief review on current business conditions. At each AGM, a platform is available to shareholders to participate in the question and answer session. Extraordinary General Meeting is held when required.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible to ensure that financial statements prepared are drawn up in accordance with the provision of the CA 1965 and Applicable Accounting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies and applied them consistently, supported by reasonable judgements and estimates.

The quarterly results were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. By presenting the quarterly results and financial statements, the Board is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Group's and the Company's financial statements for the financial year ended 31 December 2015 can be found on pages 49 to 98 of this Annual Report.

Risk Management and Internal Control

Information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control on pages 38 to 40 of this Annual Report.

Whistle-Blowing Policy

EURO is committed to a high standard of integrity, openness and accountability in the conduct of the businesses and operations in an ethical, responsible and transparent manner. In line with this commitment, the Board has formalised a Whistle-Blowing Policy in which employees and members of the public are provided with an avenue to raise genuine concerns and disclose any improper conduct in an appropriate manner. The Whistle-Blowing Policy will be uploaded to the Company's website at www.eurochairs.com.

Relationship with the Auditors

The Board via the Audit Committee maintains an appropriate and transparent relationship with the Group's external auditors. The Audit Committee meets with the external auditors twice a year to review audit plans, audit findings and to facilitate exchange of views on issues requiring attention. The Audit Committee also meets the external auditors twice a year without the presence of the executive Directors and management. The role of Audit Committee in relation to the auditors is described in the Audit Committee Report set out on pages 33 to 37 of this Annual Report.

Directors' Responsibility Statement

The Directors are required by the CA 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the CA 1965. The Board is responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year then ended. In preparing the financial statements of the Group and the Company for the year ended 31 December 2015, the Board has:

- adopted suitable accounting policies and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been followed; and
- prepared the annual financial statement on a going concern basis.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the CA 1965 and the applicable approved accounting standards.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent fraud and irregularities.

SECTION 4: ACCOUNTABILITY AND AUDIT (continued)

Corporate Social Responsibility ("CSR")

The Group, whilst pursuing its commitment to the stakeholders, is also consciously focusing its efforts on the effective development of CSR Governance. The Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates in. The Group recognizes that for long term sustainability, its strategic orientation will need to look beyond the financial parameters and strike a balance between business profitability and CSR. Hence, the Group supports important causes such as environmental preservation, donation to the needy, community services, promoting a safe and healthy culture within our organization and human capital development.

Environmental Preservation

EURO is mindful of the direct impact of our business have on the environment and remains committed in the environmental preservation through the creation and provision of long-term sustainable solutions. The Group's on-going activities focus on minimizing wastages and various forms of pollution, usage of non-hazardous and environment-friendly materials as well as recycling of materials, where permissible.

Various environmental best practices and preservation initiatives are constantly being implemented and carried out at our production plants with eco-friendly operations that use less to make the most of what we have. The continuous promotion of GREENGUARD Certification and low emitting products further demonstrates EURO's commitment to our long term "GO GREEN" strategy.

The Community

EURO continues to focus and remain committed through various CSR initiatives to the community. The Group steps up to serve the community, particularly where it operates and strives to make positive contributions, where needed. In 2015, the Group's initiatives included:

- contribution of funds and office furniture to various social enterprises and charitable organizations;
- event sponsorship to various charitable organizations and associations;
- organising blood donation drive for our employees and some of our business associates to the National Blood Bank;
- participation in the security committee within our industrial zone, to safeguard and protect our employees and workplace; and
- recruitment of fresh graduates and interns to undergo practical training, aimed to equip them with invaluable skills and experience for better employment opportunities.

Workplace Development

EURO recognizes the importance to equip the management and staff with the right skills and knowledge to be competent in discharging their duties well and professionally. The Group continuously provides employees with the necessary internal and external trainings, both in technical as well as soft skills for an overall balance human capital development.

EURO also provides adequate medical and health care insurance, other general insurance and leave compensation programmes which commensurate with the employee's rank and level of employment. The Group also held various health activities including health screening checks, audiometric testing and health-related talks at the workplace to encourage staff to take charge of their health.

In promotion of a healthy and balanced lifestyle for our employees, the Group also organized annual dinner, sport activities and social events designed to create greater unity, teamwork and rapport amongst employees.

EURO continues to maintain a safe and healthy working environment for all employees through various measures. The manufacturing division has adopted and adhered to the guidelines on public safety and health issued by the Department of Occupational Safety and Health at our production plants. The manufacturing division is also ISO 14001 and OHSAS 18001 certified.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the MMLR of Bursa Securities.

Utilization of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2015.

Share Buy-back

The Company had at its Eleventh Annual General Meeting held on 25 June 2015, obtained its shareholders' renewal mandate to purchase its own shares of up to ten (10%) of the issued and paid-up share capital of the Company.

The Company did not carry out any share buy-back during the financial year.

The Company will seek a renewal of the mandate from its shareholders for the purchase of its own shares at the forthcoming Annual General Meeting to be held on 2 June 2016.

Options, Warrants or Convertible Securities

There is neither exercise of Options or Convertible Securities nor conversion of warrants during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions/Penalties

There were no material sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 December 2015 amounted to RM29,000.

Variation in Results

There is no material variance between the audited financial results and the unaudited results previously made for the financial year ended 31 December 2015.

Profit Estimate, Forecast or Guarantee

There was no profit estimate, forecast or guarantee given by the Company during the financial year.

Material Contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION (continued)

Revaluation of Landed Properties

The Company and its subsidiaries did not adopt any revaluation policy on landed properties during the financial year.

Related Party Transactions

An internal compliance framework exists to ensure the Company meets its obligations, including that of related party transactions under the MMLR. The Audit Committee will review all related party transactions and report the same to the Board.

A Director who has interest in a transaction abstains from deliberation and voting on the relevant resolution in respect of such transaction at the Board meeting and at any general meeting convened to consider such transaction.

The details of all related party transactions conducted during the financial year ended 31 December 2015 are disclosed in Note 27 to the Financial Statements.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that the Statement provides the information necessary to enables shareholders to evaluate how the Code has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG 2012, the MMLR and all applicable laws and regulations throughout the financial year ended 31 December 2015.

This Statement is made in accordance with a resolution of the Board of Directors dated 11 April 2016.

MEMBERSHIP AND MEETINGS

The Audit Committee ("the Committee") was established on 3 October 2004. The members who had served during the financial year ended 31 December 2015 and their respective designations are as follows:

i. Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman, Independent Non-Executive Director

ii. Tan Poh Ling
Member, Independent Non-Executive Director

iii. Kevin Sathiaseelan A/L Ramakrishnan
Member, Independent Non-Executive Director

The Audit Committee met seven (7) times during the financial year ended 31 December 2015. The details of attendance of each member at the meetings were as follows:-

Committee Members Meeting Attendance

Name of Audit Committee	Attendance at meeting	Percentage of attendance (%)
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	7/7	100
Tan Poh Ling	7/7	100
Kevin Sathiaseelan A/L Ramakrishnan	7/7	100

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Directors from amongst their numbers (pursuant to a resolution of the Board of Directors) and shall be composed of not fewer than three (3) members, all of whom shall be non-executive directors with the majority being independent directors.

Qualification

At least one member of the Audit Committee:

i. must be a member of the Malaysian Institute of Accountants; or

ii. must have at least three (3) years' working experience and:

- have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

- must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967;

iii. fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the Audit Committee shall elect a chairman from among their members who is an Independent Director.

In the event the elected Chairman is not able to attend a meeting of the Audit Committee, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Board of Directors so that a replacement may be appointed before he leaves.

Audit Committe Report (continued)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

Qualification (continued)

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member, which results in the number of members be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall:-

i. have explicit authority to investigate any matters within its terms of reference;

ii. have the resources which it needs to perform its duties;

iii. have full access to any information pertaining to the Company which it requires in the course of performing its duties;

iv. have unrestricted access to the Group Managing Director and any other senior management staff of the Group;

v. have direct communication channels with the external auditors and internal auditors;

vi. be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and

vii. be able to convene meetings with the external auditors excluding the attendance of the executive directors or management of the Company, whenever deemed necessary.

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities ("MMLR"), the Audit Committee shall promptly report such matter to Bursa Securities.

Responsibilities and Duties

The duties and functions of the Audit Committee are as follows:-

i. to assess and review the nomination of external auditors, the audit fee and any questions of resignation or dismissal;

ii. to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;

iii. to discuss with the external auditor before the audit commences, the nature and scope of the audit;

iv. approve any appointment or termination of the internal auditor;

v. to review the effectiveness and the adequacy of the scope, functions, competency and work resources of the internal audit functions and that it has the authority to carry out its work;

vi. review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function and to report to the Board accordingly;

vii. take cognizance of resignation of internal auditor and provide the resigning internal auditor an opportunity to submit reasons for resigning;

viii. to review the effectiveness of the internal control and management information systems;

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

Responsibilities and Duties (continued)

ix. to review the quarterly results and year-end financial statements of the Company with both the external auditors, if applicable, and management, prior to the approval by the Board of Directors, focusing particularly on:-

- changes in or implementation of major accounting policies and practices;
- major judgemental areas, significant and unusual events;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with applicable accounting standards, MMLR and other legal and statutory requirements;

x. to review the external auditors' audit report;

xi. to review any management letter sent by the external auditors to the Company and the management's response to such letter;

xii. to convene meetings with the external auditors, the internal auditors, excluding the attendance of other directors and employees of the Company on problems and reservations arising from the audits, and any matter the auditors may wish to discuss;

xiii. to review the assistance given by the Company's officers to the external auditors;

xiv. to provide any regulatory authorities with such information concerning the Group in such form and within such time limits as the authorities may require;

xv. to ensure strict compliance by the Group with the MMLR and all relevant legislations, guidelines and regulations issued by regulatory authorities;

xvi. to review proposals and implement action plans to effect proposals to meet and maintain required standards and guidelines;

xvii. to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;

xviii. to review all related-party transactions and potential conflict of interests situations; and

xix. to consider other areas as defined by the Board.

Audit Committe Report (continued)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

Meeting and Minutes

The Audit Committee shall meet at least four (4) times a year and such additional meetings, as the Chairman shall decide in order to fulfill its duties. Upon the request of the Committee members, external auditors or internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the Directors or shareholders.

The Company Secretary or other appropriate senior official shall act as Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the committee members prior to each meeting and taking attendance for the Audit Committee meeting. The Secretary shall also be responsible for keeping the minutes of Audit Committee and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall consist of a minimum of two (2) audit committee members and the majority of the members present must be independent directors.

The Group Chief Financial Officer, representatives of the internal and external auditors shall normally attend meetings. Other board members and employees may attend the Audit Committee Meetings upon the invitation of the Audit Committee specific to the relevant meetings. A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee. The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be contentiously hampered by their presence or confidentiality of matters needed to be preserved.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2015 in discharge of their duties:-

i. reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the MMLR, applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval;

ii. reviewed the external auditors' fees, scope of work and audit strategy and plans for the financial year prior to the commencement of audit and evaluated the performance of the external auditors and recommending the appointment at the Annual General Meeting;

iii. reviewed and discussed the annual audited financial statements of the Group and the Company with the external auditors and management prior to submission to the Board of Directors for their approval;

iv. discussed with the external auditors on new adoption and new issuance (if any) of the Financial Reporting Standards in Malaysia and its impact to the Group's and Company's financial statements;

v. discussed significant audit findings in respect of the financial statements and accounting principles and standards that were applied and their judgments of the items that may affect the financial statements of the Group with the external auditors;

vi. reviewed with the external auditors, their audit report and management's response;

vii. reviewed the internal audit scope, programmes and plans to ensure adequate scope and comprehensive coverage of the activities of the Group and to determine the internal auditors' fees for the financial year under review;

viii. reviewed the effectiveness of the audit process for the year and assessed the performance of the internal audit functions;

ix. reviewed the internal auditor's reports which were tabled during the year, on the state of the internal control of the Group, the audit recommendations made and management's response to these recommendations. Where appropriate, the Committee has directed management to rectify and improve control and workflow procedures based on the internal auditors' recommendations and suggestions for improvement;

x. reviewed the Statement on Risk Management and Internal Control;

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (continued)

xi. reviewed related party transactions entered into by the Company and the Group for compliance with the MMLR; and

xii. reviewed risk management process and updates from the management on the existence of mitigating controls and action plans identified to mitigate the business risks identified.

INTERNAL AUDIT FUNCTION

The Audit Committee, on behalf of the Board, assumes the responsibility to review and monitor the effectiveness as well as the adequacy of the Group's internal control system. The Group has outsourced the internal audit function to an external consultant firm, which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The principal role of the internal audit is to undertake systematic reviews of the systems of internal control within the Group so as to provide reasonable assurance that such systems are adequate and functioning as intended. It's responsibilities include the provision of independent and objective reports on the state of internal control of the various operating units within the Group, the extent of compliance with the Group's policies, procedures and relevant statutory requirements to the Audit Committee so that remedial actions can be taken in relation to any weaknesses noted in the systems and controls of the respective operating units.

During the financial year, the internal auditors had carried out the following activities:

- Prepared and presented the annual audit plan for review and approval by the Committee.
- Performed risk-based audits based on the annual audit plan, including follow-up of matters from previous internal audit reports.
- Issued internal audit report to the Committee on risk management, internal control and governance issues identified from the risk-based audits together with recommendations for improvements for these processes.
- Performed follow-up reviews on the implementation of recommendations made by the internal auditors to ensure that appropriate corrective actions are taken on a timely basis or within agreed timelines.

The internal audit fee incurred for the financial year ended 31 December 2015 was RM20,000.

Statement On **Risk Management** And **Internal Control**

INTRODUCTION

The Board of Directors ("the Board") of Euro Holdings Berhad ("the Group") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practice good corporate governance. The Board is committed to practicing good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2015.

RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board recognises that the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

CONTROL ENVIRONMENT

The Board and Senior Management consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than to eliminate them. The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. As such, it is recognised that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the Group Managing Director and the Group Chief Financial Officer, that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Group. To further supplement Management assurance, the Key Management Staff and the respective Head of Department ("HOD") sign off a statement on the condition of Risk Management mitigation and Internal Controls implemented in their respective function and department.

INTERNAL AUDIT

The outsourced internal auditors had reviewed the Group's system of internal controls to identify and address related internal control weaknesses. The internal audit team independently reviewed the risk identification procedures and control processes implemented by the Management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Internal audit also tested the effectiveness of the internal control on the basis of an internal audit strategy and a detailed annual internal audit plan was presented to the Audit Committee for approval. All the subsidiaries were audited based on critical risk areas. It should be annotated that the internal audit was based on samples selection and did not engage any strategy to detect fraud during the performance of the audit.

INTERNAL AUDIT (continued)

The internal audit also reports on the activities performed and key strategic and control issues observed to the Audit Committee in order to preserve its independence. The Audit Committee reviews and approves the internal audit's annual budget and audit plan. Internal audit adopts the International Standards For The Professional Practice Of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing and Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. Internal audit has aligned its current internal audit practices with the COSO/COCO Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by internal auditors are based on the Internal Control Elements Scope and Coverage. Internal audit continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core/priority areas. Input from various sources, inclusive of the Enterprise Risk Management Framework, Business Plan, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan.

In 2015, reviews in various areas involving manufacturing operations, Information Technology, Finance, Procurement, Human Resources, Research & Development of the Group and certain subsidiaries were conducted. Among the key coverage included:

- Governance
- Operations
- Sales and marketing
- IT security management
- Procurement
- Accounting and financial activities

Report from the internal audit reviews carried out was submitted and presented to the Audit Committee with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions were monitored and verified by the internal audit and reported to the Audit Committee.

Quality Assurance

The internal audit develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of the internal audit processes and identifies opportunities for improvement via both internal and external assessment. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is well experience to manage the internal audit assignments.

The cost incurred for the internal audit during the year was RM20,000.

INFORMATION, COMMUNICATION AND MONITORING

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to request for information and clarification from the Management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts at the expense of the Group.

The Board reviews the effectiveness of the risk management and internal control systems through the following monitoring and assessment mechanisms:

- On a quarterly basis, Management updates the Board on the Group's actual financial performance. Specific transactions, projects opportunities are also discussed with the Board as and when required. This allows the Board to raise potential new risks that could arise and request Management to mitigate them accordingly.

- The Key Management Staff and HOD are delegated with the responsibility of identifying and managing risks related to their functions and departments. At the periodic Management meetings, such risk identified and related internal controls are communicated to the Senior Management. In addition, significant risks identified are cascaded to the Board at their scheduled meetings.

Statement On Risk Management And Internal Control (continued)

RISK MANAGEMENT

The Audit Committee oversees the development and annual review of the Group's risk management policy and plan, as well as the effectiveness of the risk management organisation structure, responsibilities and accountabilities. It also ensures that the risk management framework is implemented to increase the possibility of anticipating unpredictable risks.

The Group Chief Financial Officer, who also acts in the capacity of Head of Risk Management, attended the risk profiling meetings and Audit Committee meetings. Key Management Staff, HOD and external consultant were invited to attend all or part of meetings as and when appropriate to facilitate risk management review.

The Board recognises the importance of effective Enterprise Risk Management ("ERM") in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

Risk management policies and practices form part of the Group's overall strategies to chart positive growth in today's rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of ERM initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth ERM practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, harmonise its risks and risk appetites at the operational level wherever possible.

Risk Structure, Accountability and Responsibility

Further improving the Group's risk governance, ERM structures have been established at the functional level. The aim is for a risk culture to be internalised through risk ownership and to drive ERM implementation at the functional level. ERM Resource Persons, also known as Risk Coordinators, are appointed at each business unit to act as the single point of contact to liaise directly with the Head of Risk Management in matters relating to ERM, including the submission of reports on a periodic basis. In addition, they are responsible to manage and administer the units' risk portfolios, which include arranging, organising and coordinating ERM programmes.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad the external auditors have reviewed this Statement on Risk Management and Internal Control and have reported to the Board that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes adopted by the Board.

This statement is based on the consideration of the audit work performed by both the external auditors and the internal auditors on financial and non-financial matters.

CONCLUSION

On the whole, the Board is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance to that effect. It is the Group's positive attitude towards striving for better that drives its desire to ensure that the system of internal control will be enhanced on regular basis as the Group progresses to the next level. The Board and the Management will seek regular assurance on the effectiveness and soundness of the internal control system through appraisals by the internal as well as external auditors.

CONTENTS

Directors' Report
for the year ended 31 December 2015

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit net of tax	2,532	225
Profit attributable to:		
Owners of the Company	2,147	225
Non-controlling interest	385	-
	2,532	225

DIVIDENDS

No dividends were paid, declared or proposed since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

DIRECTORS

The Directors of the Company who held office since the date of the last report are as follows:

Dato' Sri Mohd Haniff Bin Abd Aziz
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Dato' Tong Yun Mong
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Tan Poh Ling
Kevin Sathiaseelan A/L Ramakrishnan

Retirement and re-election of the Directors at the Annual General Meeting will be in accordance with the Company's Articles of Association.

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, particulars of interests in the shares of the Company and its related companies during the financial year of those Directors who held office at the end of the financial year were as follows:

	NUMBER OF ORDINARY SHARES OF RM0.10# EACH IN THE COMPANY				
	AT 1.1.2015	BOUGHT	BONUS ISSUE	SOLD	AT 31.12.2015
SHAREHOLDINGS IN THE NAME OF THE DIRECTORS:					
Dato' Sri Mohd Haniff Bin Abd Aziz	2,410,000	1,481,000	7,782,000	-	11,673,000
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	18,606,000	-	37,212,000	-	55,818,000
Dato' Tong Yun Mong	10,000,000	-	20,000,000	-	30,000,000
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	-	-	-	-	-
Tan Poh Ling	-	-	-	-	-
Kevin Sathiaseelan A/L Ramakrishnan	-	-	-	-	-

As a result of par value reduction of all ordinary share from RM0.50 to RM0.10 each which was completed on 20 August 2015.

Pursuant to Section 6A of the Companies Act 1965, by virtue of their interests in the shares of the Company, Dato' Sri Mohd Haniff Bin Abd Aziz, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and Dato' Tong Yun Mong are deemed to have interests in the shares of all the subsidiaries to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Company or any related company with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company or any related company, a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

On 20 August 2015, the Company reduced its issued and paid up share capital from RM40,500,000 to RM8,100,000 via the cancellation of RM0.40 of the par value of every existing ordinary share of RM0.50 each to RM0.10 each. Consequently, the authorised share capital stated in the Memorandum and Articles of Association of the Company was updated to reflect the changed of its par value.

ISSUE OF SHARES AND DEBENTURES (continued)

On 9 September 2015, the Company increased its issued and paid-up share capital through a bonus issue of 162,000,000 new ordinary shares of RM0.10 each on the basis of two (2) bonus shares for every one (1) existing ordinary share of RM0.10 each in the Company by way of capitalisation of its share premium account amounting to RM16,200,000. The issued and paid-up share capital of the Company was increased from RM8,100,000 to RM24,300,000 by the above bonus issue.

These new shares rank pari passu in all respects with the existing shares of the Company.

There were no issue of debentures by the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due, except as disclosed in the financial statements.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

SIGNIFICANT EVENT

The details of significant event are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENT

The details of subsequent event are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs Nexia SSY, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 April 2016.

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Director

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Director

Subang Jaya

Statement by **Directors**

Pursuant to Section 169(15) of the Companies Act 1965

We, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, being two of the Directors of Euro Holdings Berhad, do hereby state that in the opinion of the Directors, the accompanying financial statements set out on pages 49 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 38 to the financial statements has been prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 April 2016.

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Director
Subang Jaya

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Director

Statutory **Declaration**

Pursuant to Section 169(16) of the Companies Act 1965

I, Poo Shea Choon, being the Officer primarily responsible for the financial management of Euro Holdings Berthed, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 98 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Poo Shea Choon at Puchong in the state of Selangor on 11 April 2016

Before me,

PESURUHJAYA SUMPAH
No:. 195
Nama: NG SAY JIN
MALAYSIA
No. C-2-45, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong, Selangor

Poo Shea Choon
Officer

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Euro Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 98.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act;

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the Members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Nexia SSY

Nexia SSY
AF: 2009
Chartered Accountants

Jason Sia Sze Wan
No. 2376/05/18 (J)
Partner

Subang Jaya
11 April 2016

Consolidated Statement of **Financial Position**

as at 31 December 2015

GROUP	NOTE	2015 RM'000	2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	56,458	61,364
Land held for development	8	-	12,139
Deferred tax assets	9	703	1,132
		57,161	74,635
Current assets			
Property development costs	10	21,880	-
Inventories	11	15,270	14,982
Trade receivables	12	25,176	20,971
Other receivables, deposits and prepayments	13	1,462	943
Foreign exchange contracts	21	69	-
Tax recoverable		469	1,030
Fixed deposits with licensed financial institutions	14	1,266	903
Short term funds	15	129	125
Cash and bank balances		3,635	6,719
		69,356	45,673
TOTAL ASSETS		126,517	120,308
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	16	24,300	40,500
Share premium		19,728	3,844
Retained earnings	17	26,572	24,425
		70,600	68,769
Non-controlling interest		489	104
TOTAL EQUITY		71,089	68,873
Non-current liabilities			
Borrowings	18	13,059	13,312
		13,059	13,312
Current liabilities			
Trade payables	19	10,098	11,368
Other payables, accruals and deposits received	20	15,244	7,249
Borrowings	18	17,027	19,253
Forward exchange contracts	21	-	78
Provision for taxation		-	175
		42,369	38,123
TOTAL LIABILITIES		55,428	51,435
TOTAL EQUITY AND LIABILITIES		126,517	120,308

The accompanying notes form an integral part of these financial statements.

Statement of **Financial Position**

as at 31 December 2015

COMPANY	NOTE	2015 RM'000	2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	33	335
Investment in subsidiaries	7	47,876	47,302
		47,909	47,637
Current assets			
Other receivables, deposits and prepayments	13	17	16
Tax recoverable		2	292
Short term funds	15	73	71
Cash and bank balances		107	205
		199	584
TOTAL ASSETS		48,108	48,221
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	16	24,300	40,500
Share premium		19,728	3,844
Retained earnings	17	3,982	3,757
TOTAL EQUITY		48,010	48,101
Non-current liabilities			
Deferred tax liabilities	9	1	6
		1	6
Current liabilities			
Other payables and accruals	20	97	57
Borrowings	18	-	57
		97	114
TOTAL LIABILITIES		98	120
TOTAL EQUITY AND LIABILITIES		48,108	48,221

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income
for the year ended 31 December 2015

		GROUP		COMPANY	
	NOTE	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	22	92,487	106,113	1,000	1,132
Cost of sales		(63,715)	(77,245)	-	-
Gross profit		28,772	28,868	1,000	1,132
Other operating income		668	691	2	2
Selling and distribution expenses		(11,550)	(10,795)	-	-
Administrative expenses		(12,173)	(13,832)	(781)	(780)
Profit from operations		5,717	4,932	221	354
Finance costs		(1,881)	(2,048)	(1)	(7)
Profit before taxation	23	3,836	2,884	220	347
Taxation	25	(1,304)	(512)	5	2
Profit for the year		2,532	2,372	225	349
Attributable to:					
Owners of the Company		2,147	2,409	225	349
Non-controlling interest		385	(37)	-	-
		2,532	2,372	225	349
Earnings per share attributable to equity holders of the Company (sen)#	26	0.88	0.99	-	-

Number of shares was adjusted to 243,000,000 following the bonus issue of 162,000,000 new Euro Shares on the basis of two (2) bonus shares for every one (1) existing Euro Share held, completed on 9 September 2015.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of **Changes in Equity**

for the year ended 31 December 2015

	NOTE	NON DISTRIBUTABLE SHARE CAPITAL RM'000	NON DISTRIBUTABLE SHARE PREMIUM RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
GROUP							
At 1 January 2015		40,500	3,844	24,425	68,769	104	68,873
Par value reduction	16	(32,400)	32,400	-	-	-	-
Bonus issue	16	16,200	(16,200)	-	-	-	-
Par value reduction and bonus issue expenses		-	(316)	-	(316)	-	(316)
Profit for the year		-	-	2,147	2,147	385	2,532
At 31 December 2015		24,300	19,728	26,572	70,600	489	71,089
At 1 January 2014		40,500	3,844	22,016	66,360	141	66,501
Profit for the year		-	-	2,409	2,409	(37)	2,372
At 31 December 2014		40,500	3,844	24,425	68,769	104	68,873

Statement of **Changes in Equity**

for the year ended 31 December 2015

	NOTE	NON DISTRIBUTABLE SHARE CAPITAL RM'000	NON DISTRIBUTABLE SHARE PREMIUM RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
COMPANY					
At 1 January 2015		40,500	3,844	3,757	48,101
Par value reduction	16	(32,400)	32,400	-	-
Bonus issue	16	16,200	(16,200)	-	-
Par value reduction and bonus issue expenses		-	(316)	-	(316)
Profit for the year		-	-	225	225
At 31 December 2015		24,300	19,728	3,982	48,010
At 1 January 2014		40,500	3,844	3,408	47,752
Profit for the year		-	-	349	349
At 31 December 2014		40,500	3,844	3,757	48,101

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Cash flows from operating activities					
Profit before taxation		3,836	2,884	220	347
Adjustments for:					
Allowance for doubtful debts		726	2,307	-	-
Bad debts written off		1,541	-	-	-
Reversal of allowance for doubtful debts		(1,743)	(39)	-	-
Depreciation of property, plant and equipment		5,332	5,281	60	69
Dividend income		-	-	(1,000)	(1,132)
(Gain)/Loss on forward exchange contracts		(147)	8	-	-
Loss/(gain) on disposal of property, plant and equipment		259	(6)	212	-
Interest expense		1,662	1,809	1	6
Interest income		(39)	(49)	(2)	(2)
Property, plant and equipment written off		-	27	-	-
Unrealised foreign exchange gain		(470)	(162)	-	-
Operating profit/(loss) before working capital changes		10,957	12,060	(509)	(712)
(Increased)/decrease in inventories		(288)	342	-	-
(Increase)/decrease in trade and other receivables		(4,370)	6,840	(575)	(626)
Increase/(decrease) in trade and other payables		4,908	(111)	40	35
Cash generated from/(used in) operations		11,207	19,131	(1,044)	(1,303)
Land held for development	8	(9,741)	(3,096)	-	-
Tax paid		(863)	(969)	(2)	(3)
Tax refunded		374	294	292	93
Net cash generated from/ (used in) operating activities		977	15,360	(754)	(1,213)
Cash flows from investing activities					
Purchase of property, plant and equipment	30	(507)	(2,726)	(35)	-
Dividends received		-	-	1,000	1,132
Interest received		39	49	2	2
Proceeds from disposal of property, plant and equipment		100	27	65	-
Net cash (used in)/generated from investing activities		(368)	(2,650)	1,032	1,134

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows (continued)

for the year ended 31 December 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Cash flows from financing activities					
Fixed deposits pledged		(363)	(149)	-	-
Interest paid		(1,662)	(1,809)	(1)	(6)
Repayment of finance lease liabilities		(1,562)	(1,885)	(57)	(93)
Repayment of term loan		(1,909)	(1,885)	-	-
Drawn down of term loan		2,604	-	-	-
Par value reduction and bonus issue expenses		(316)	-	(316)	-
Net cash used in financing activities		(3,208)	(5,728)	(374)	(99)
Net (decrease)/increase in cash and cash equivalents		(2,599)	6,982	(96)	(178)
Cash and cash equivalents at beginning of the year		(2,052)	(9,034)	276	454
Cash and cash equivalents at end of the year		(4,651)	(2,052)	180	276
Cash and cash equivalents comprise:					
Fixed deposits with licensed financial institutions	14	1,266	903	-	-
Short term funds	15	129	125	73	71
Cash at bank		3,567	6,673	107	205
Cash in hand		68	46	-	-
Bank overdrafts	18	(8,415)	(8,896)	-	-
		(3,386)	(1,149)	180	276
Less: Fixed deposits pledged		(1,266)	(903)	-	-
		(4,651)	(2,052)	180	276
The currency exposure profile of cash and bank balances is as follows:					
Ringgit Malaysia		2,998	5,040	107	205
United States Dollar		625	1,671	-	-
Others		12	8	-	-
		3,635	6,719	107	205

The accompanying notes form an integral part of these financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Wisma Euro, Lot 21, Rawang Industrial Estate, 48000 Rawang, Selangor.

The principal activities of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The number of employees in the Group and in the Company at the end of the financial yearwere 616 (2014: 682) and NIL (2014: NIL) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 April 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency. All financial information have been rounded to the nearest thousand (RM'000), unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries

Subsidiaries are those entities which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries which are eliminated on consolidation are stated at cost less impairment losses, unless the investment is held for sale.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(c) Goodwill or reserve arising on consolidation

Goodwill or reserve arising on consolidation represents the difference of the fair value of purchase consideration of subsidiaries acquired over the Group's share of the fair values of their identifiable assets and liabilities at the date of acquisition.

Reserve arising on consolidation will be written off in profit or loss.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss as incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at cost and has an indefinite useful life and is therefore not depreciated.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold buildings	2%
Furniture and fittings	10% - 15%
Office equipment	10% - 35%
Plant, machinery and tools	10%
Moulds	20%
Electrical installation	15%
Computers	13% - 20%
Signboards	10%
Renovation	15%
Motor vehicles	20%

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment, and depreciation (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the year the property, plant and equipment is derecognised, and any unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(e) Land held for development

i Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount.

Land held for property development is either reclassified to construction contracts (under non-current assets) or inventories (under current assets), when development activities have been approved and commenced.

ii Construction contracts or inventories

Construction contracts or inventories comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

(f) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress include cost of raw materials, direct labour, other direct costs and appropriate production overheads (based on normal operating capacity).

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(g) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the financial year end.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

i Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

ii Finance lease

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statement of financial position as borrowings.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance cost and the reduction of the outstanding liabilities. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with the depreciation for property, plant and equipment as described in Note 3(d).

iii Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the terms of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of lease of land and buildings, the minimum lease payments or up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings elements of the lease at the inception of the lease. The up-front payments represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

(j) Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

(k) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Provision for liabilities

Provision for liabilities is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(m) Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits

i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Group makes contributions to the statutory provident fund, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss in the period as incurred.

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

(p) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group, the amount of the revenue can be measured reliably.

i Revenue

a. Sale of goods/services
Revenue is recognised net of goods and services taxes or sales taxes and discounts (if any) and upon transfer of significant risks and rewards of ownership to the buyer. Service income is recognised upon service rendered and customers' acceptances.

b. Dividend income
Dividend income is recognised when the right to receive payment is established.

ii Other income

a. Interest income
Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

b. Rental income
Rental income from operating leases (net of any incentives given to the leases) is recognised on an accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Foreign currencies

i Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

ii Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's reporting currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing at the financial year end.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2015 RM	2014 RM
1 Euro (EUR)	4.697	4.250
1 Singapore Dollar (SGD)	3.036	2.645
1 United States Dollar (USD)	4.296	3.495
1 Sterling Pound (GBP)	6.366	5.442

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Impairment of assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(s) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instruments classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets

Financial assets are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'. Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

i Financial assets at 'fair value through profit or loss'

Financial assets are classified as financial assets at 'fair value through profit or loss' when the financial assets are either 'held for trading', or upon initial recognition, financial assets are designated as financial assets at 'fair value through profit or loss'.

A financial asset is classified as 'held for trading' if:

- it is acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as an effective hedging instrument.

Financial assets (other than 'held for trading') are designated as financial assets at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases; or
- a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as financial assets at 'fair value through profit or loss'.

After initial recognition, financial assets at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial assets at 'fair value through profit or loss' arerecognised in profit or loss.

ii 'Held-to-maturity' investments

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturity and that the Group has the positive intention and ability to hold the investments to maturity.

After initial recognition, 'held-to-maturity' investments are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when 'held-to-maturity' investments are derecognised or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets (continued)

iii Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

iv 'Available-for-sale' financial assets

Financial assets are classified as 'available-for-sale' financial assets when the financial assets are either designated as such upon initial recognition or are not classified in any of the three preceding categories.

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses on monetary instruments, until the 'available-for-sale' financial assets are derecognised.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial assets are derecognised.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

v Investment in unquoted equity instruments carried at cost

Investment in equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such an unquoted equity instruments, are measured at cost less any accumulated impairment losses.

vi Reclassifications of financial assets

The Group does not reclassify derivative out of the financial assets at 'fair value through profit or loss' category while they are held or in issue. Equally, the Group does not reclassify other financial assets out of the financial assets at 'fair value through profit or loss' category if upon initial recognition, those financial assets were designated as financial assets at 'fair value through profit or loss'. Other financial assets are not reclassified into the financial assets at 'fair value through profit or loss' category after initial recognition under another category.

When it is no longer appropriate to classify an investment as 'held-to-maturity' as a result of a change in intention and ability, the investment is reclassified as held for sale and re-measured at fair value. Any difference between the carrying amount and fair value of the investment is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets (continued)

vii Impairment of financial assets

At the end of each financial year, the Group assesses whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired.

Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in equity instruments classified as 'available-for-sale' financial assets, objective evidence that the financial assets are impaired include the disappearance of an active trading market for the financial assets because of, significant financial difficulties, and a significant and/or prolonged decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulties of the issuer; or
- default or significant delay in payments and delinquency in interest or principal payments; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade and other receivables, and staff loan receivables which are reduced through the use of an allowance account, and when these becomes uncollectible. Any impairment loss is recognised in profit or loss immediately.

If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets (continued)

vii Impairment of financial assets (continued)

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss. If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

viii Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group transfers the financial assets and the transfer qualifies for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'. After initial recognition, financial liabilities are either classified as financial liabilities at 'fair value through profit or loss' or amortised cost using the effective interest method.

i Financial liabilities at 'fair value through profit or loss'

Financial liabilities are classified as financial liabilities at 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designated as financial liabilities at 'fair value through profit or loss'.

A financial liability is classified as 'held for trading' if:

- it is incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as an effective hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial liabilities (continued)

i Financial liabilities at 'fair value through profit or loss' (continued)

Financial liabilities (other than 'held for trading') are designated as financial liabilities at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or

- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as financial liabilities at 'fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss' are recognised in profit or loss.

ii Financial liabilities at amortised cost using the effective interest method

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities.

After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

iii Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

(t) Borrowings costs

Borrowings costs are recognised in the profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

(v) Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group in the current and previous financial year ends.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segments results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and measurement basis of segment information.

4. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

During the financial year, the Group has adopted the following new and revised Malaysian Financial Reporting Standards and amendments to certain standards (collectively referred to as 'MFRSs'), issued by the Malaysian Accounting Standards Board ('MASB') which are effective for the financial year of the Group beginning on 1 January 2015:

MFRSs that have been issued and effective which do not have any significant impact on the financial statements

The following revised MFRSs issued by the MASB, effective for financial year of the Group beginning 1 January 2015, have been adopted, but the adoptions do not have any or significant impact to the financial statements:

Amendments to MFRS 2:	Share-based Payment
Amendments to MFRS 3:	Business Combinations
Amendments to MFRS 8:	Operating Segments
Amendments to MFRS 13:	Fair Value Measurement
Amendments to MFRS 116:	Property, Plant and Equipment
Amendments to MFRS 119:	Employee Benefits
Amendments to MFRS 124:	Related Party Disclosures
Amendments to MFRS 138:	Intangible Assets
Amendments to MFRS 140:	Investment Property

MFRSs that have been issued but not effective

The following new and revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2016, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

MFRS 14:	Regulatory Deferral Accounts
Amendments to MFRS 5:	Non-current Assets Held for Sale and Discontinued Operations
Amendments to MFRS 7:	Financial Instruments: Disclosures
Amendments to MFRS 10:	Consolidated Financial Statements
Amendments to MFRS 11:	Joint Arrangements
Amendments to MFRS 12:	Disclosure of Interests in Other Entities
Amendments to MFRS 101:	Presentation of Financial Statements
Amendments to MFRS 116:	Property, Plant and Equipment
Amendments to MFRS 119:	Employee Benefits
Amendments to MFRS 127:	Separate Financial Statements
Amendments to MFRS 128:	Investment in Associates and Joint Ventures

4. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS (continued)

MFRSs that have been issued but not effective (continued)

Amendments to MFRS 134:	Interim Financial Reporting
Amendments to MFRS 138:	Intangible Assets
Amendments to MFRS 141:	Agriculture

The following new and revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2018, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements.

MFRS 15:	Revenue from Contracts with Customers
Amendments to MFRS 9:	Financial Instruments

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at 'fair value through profit or loss') attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at 'fair value through profit or loss', the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

5. SIGNIFICANT ACCOUNTING ESTIMATES

Key Sources of Estimation Uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method. The estimated useful lives applied by the Group as disclosed in Note 3(d) reflect the Directors' estimates of the periods that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment.

5. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Key Sources of Estimation Uncertainty (continued)

(b) Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit (CGU) to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Allowances for doubtful debts

The collectability of receivables is assessed on an ongoing basis. An allowance for doubtful debt is made for any account considered to be doubtful for collection. The allowance for doubtful debt is made based on a review of all outstanding accounts at the end of the reporting period. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

(d) Income tax

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unutilised reinvestment allowances and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(f) Impairment of investment in subsidiaries

The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy. The recoverable amounts of these investments have been determined based on their fair value less costs to sell. The fair value less costs to sell was arrived at by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market condition existing at each financial year end.

There could be further adjustments to the carrying value of the investments should the going concern basis be inappropriate.

(g) Contingent liabilities

As disclosed in Note 33, a contingent liability is not recognised but is disclosed in the notes to the financial statements and when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

The Directors are of the opinion that provision is not required in respect of the above instance as it is not probable that a future sacrifice of economic benefits will be required.

(h) Fair value estimates of certain financial instruments

The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

6. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM'000	FACTORY BUILDINGS RM'000	FURNITURE AND FITTINGS RM'000	OFFICE EQUIPMENT RM'000	BALANCE CARRIED FORWARD RM'000
CARRYING AMOUNT					
At 1 January 2015	9,204	33,999	182	229	43,614
Additions	-	-	19	27	46
Reclassifications	-	-	-	-	-
Disposals	-	-	-	(2)	(2)
Depreciation charge	-	(814)	(39)	(50)	(903)
AT 31 DECEMBER 2015	9,204	33,185	162	204	42,755
AT 31 DECEMBER 2015					
Cost	9,204	40,697	1,801	907	52,609
Accumulated depreciation	-	(7,512)	(1,639)	(703)	(9,854)
Carrying amount	9,204	33,185	162	204	42,755
AT 31 DECEMBER 2014					
Cost	9,204	40,697	1,782	1,080	52,763
Accumulated depreciation	-	(6,698)	(1,600)	(851)	(9,149)
Carrying amount	9,204	33,999	182	229	43,614
Depreciation – 2014	-	814	41	54	909

GROUP	BALANCE BROUGHT FORWARD RM'000	PLANT, MACHINERY AND TOOLS RM'000	MOULDS RM'000	ELECTRICAL INSTALLATION RM'000	COMPUTERS RM'000	BALANCE CARRIED FORWARD RM'000
CARRYING AMOUNT						
At 1 January 2015	43,614	11,398	1,401	183	1,062	57,658
Additions	46	286	47	-	266	645
Reclassifications	-	-	632	-	-	632
Disposals	(2)	(72)	-	-	(3)	(77)
Depreciation charge	(903)	(2,705)	(544)	(47)	(356)	(4,555)
AT 31 DECEMBER 2015	42,755	8,907	1,536	136	969	54,303
AT 31 DECEMBER 2015						
Cost	52,609	33,957	11,261	449	3,332	101,608
Accumulated depreciation	(9,854)	(25,050)	(9,725)	(313)	(2,363)	(47,305)
Carrying amount	42,755	8,907	1,536	136	969	54,303
AT 31 DECEMBER 2014						
Cost	52,763	33,863	10,902	449	3,527	101,504
Accumulated depreciation	(9,149)	(22,465)	(9,501)	(266)	(2,465)	(43,846)
Carrying amount	43,614	11,398	1,401	183	1,062	57,658
Depreciation – 2014	909	2,858	462	49	256	4,534

6. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	BALANCE BROUGHT FORWARD RM'000	SIGNBOARDS RM'000	RENOVATION RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
CARRYING AMOUNT						
At 1 January 2015	57,658	2	49	3,023	632	61,364
Additions	645	35	9	97	-	786
Reclassifications	632	-	-	-	(632)	-
Disposals	(77)	-	-	(283)	-	(360)
Depreciation charge	(4,555)	(2)	(16)	(759)	-	(5,332)
AT 31 DECEMBER 2015	54,303	35	42	2,078	-	56,458
AT 31 DECEMBER 2015						
Cost	101,608	52	251	5,549	-	107,460
Accumulated depreciation	(47,305)	(17)	(209)	(3,471)	-	(51,002)
Carrying amount	54,303	35	42	2,078	-	56,458
AT 31 DECEMBER 2014						
Cost	105,504	17	242	6,165	632	108,560
Accumulated depreciation	(43,846)	(15)	(193)	(3,142)	-	(47,196)
Carrying amount	57,658	2	49	3,023	632	61,364
Depreciation – 2014	4,534	1	19	727	-	5,281

COMPANY	MOTOR VEHICLES RM'000	SIGNBOARD RM'000	TOTAL RM'000
AT COST:			
CARRYING AMOUNT			
At 1 January 2015	335	-	335
Additions	-	35	35
Disposals	(277)	-	(277)
Depreciation charge	(58)	(2)	(60)
AT 31 DECEMBER 2015	-	33	33
AT 31 DECEMBER 2015			
Cost	-	35	35
Accumulated depreciation	-	(2)	(2)
Carrying amount	-	33	33
AT 31 DECEMBER 2014			
Cost	649	-	649
Accumulated depreciation	(314)	-	(314)
Carrying amount	335	-	335
Depreciation –2014	69	-	69

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The carrying amount of property, plant and equipment charged to bank for credit facilities granted to the Group as disclosed in Note 18 is as follows:-

	GROUP	
	2015 RM'000	2014 RM'000
Freehold land	9,204	9,204
Freehold buildings	33,185	33,999
	42,389	43,203

(b) The carrying amount of property, plant and equipment acquired under finance lease arrangements as at the financial year end is as follows:-

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Plant, machinery and tools	3,076	4,515	-	-
Motor vehicles	1,966	2,912	-	335
	5,042	7,427	-	335

(c) The cost of property, plant and equipment acquired during the year under finance lease arrangements is as follows:-

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Plant, machinery and tools	207	608	-	-
Motor vehicles	97	210	-	-
	304	818	-	-

(d) The cost of property, plant and equipment which have been fully depreciated, have been written-off during the year is as follows:-

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Office equipment	196	8	-	-
Moulds	320	-	-	-
Computer	457	-	-	-
	973	8	-	-

7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost		
At 1 January/ 31 December	24,448	24,448
Amount due from subsidiaries	23,428	22,227
	47,876	47,302

The amount due from subsidiaries represents advances that are non-trade in nature, unsecured and interest free. The repayment of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is in substance a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment losses.

The details of subsidiaries are as follows:-

NAME OF COMPANY	EQUITY INTEREST HELD 2015 %	EQUITY INTEREST HELD 2014 %	PRINCIPAL ACTIVITIES
Euro Chairs Manufacturer (M) Sdn. Bhd.	100.00	100.00	Manufacturing and marketing of furniture
Euro Space Industries (M) Sdn. Bhd.	100.00	100.00	Manufacturing and trading of office furniture, partitions, chairs and panels
Euro Chairs System Sdn. Bhd.	100.00	100.00	Trading of furniture, furnishing fabric materials and other furniture components
Euro Space System Sdn. Bhd.	100.00	100.00	Trading of office furniture
Euro Chairs (M) Sdn. Bhd.	100.00	100.00	Holds the industrial designs and trademarks of the Group
Eurosteel System Sdn. Bhd.	75.76	75.76	Trading of storages and steel furniture
Eurosteel Line Sdn. Bhd.	100.00	100.00	Manufacturing and trading of steel furniture
Euroland & Development Sdn. Bhd.	100.00	100.00	Property development

All of the above subsidiaries were incorporated in Malaysia and audited by Nexia SSY, a member of Nexia International.

8. LAND HELD FOR DEVELOPMENT

	GROUP	
	2015 RM'000	2014 RM'000
Freehold land and other costs at carrying amount		
At beginning of the year	12,139	9,043
Additions	9,741	3,096
	21,880	12,139
Reclassification (Note 10)	(21,880)	-
At end of the year	-	12,139

Included in the freehold land and other costs is interest expense capitalised during the year amounting to RM369,815 (2014: RM396,575).

9. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At beginning of the year	1,132	1,192	(6)	(8)
Recognised in the statements of comprehensive income (Note 25)	(429)	(60)	5	2
At end of the year	703	1,132	(1)	(6)
Presented after appropriate offsetting as follows:				
Deferred tax assets	3,907	4,433	-	-
Deferred tax liabilities	(3,204)	(3,301)	(1)	(6)
	703	1,132	(1)	(6)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	UNABSORBED TAX LOSSES AND UNUTILISED CAPITAL ALLOWANCES RM'000	UNUTILISED REINVESTMENT ALLOWANCES RM'000	OTHER DEDUCTIBLE TEMPORARY DIFFERENCES RM'000	TOTAL RM'000
At 1 January 2015	1,202	2,568	663	4,433
Recognised in the statements of comprehensive income				
- current year	(467)	54	(130)	(543)
- under/(over) provision in prior years	55	-	(38)	17
At 31 December 2015	790	2,622	495	3,907
At 1 January 2014	2,721	1,591	306	4,618
Recognised in the statements of comprehensive income				
- current year	(1,646)	948	404	(294)
- under/(over) provision in prior years	127	29	(47)	109
At 31 December 2014	1,202	2,568	663	4,433

9. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Deferred tax liabilities:

	EXCESS OF CAPITAL ALLOWANCES OVER DEPRECIATION	
	GROUP	COMPANY
	RM'000	RM'000
At 1 January 2015	(3,301)	(6)
Recognised in the statements of comprehensive income		
- current year	124	5
- under provision in prior years	(27)	-
At 31 December 2015	(3,204)	(1)
At 1 January 2014	(3,426)	(8)
Recognised in the statements of comprehensive income		
- current year	154	2
- under provision in prior years	(29)	-
At 31 December 2014	(3,301)	(6)

10. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2015	2014
	RM'000	RM'000
Freehold land and other costs at carrying amount		
At beginning of the year	-	-
Reclassification(Note 8)	21,880	-
At end of the year	21,880	-

Freehold land is pledged to a bank as security for banking facilities granted to the Group (Note 18).

11. INVENTORIES

	GROUP	
	2015	2014
	RM'000	RM'000
At cost:		
Raw materials	11,031	9,737
Work-in-progress	2,572	2,937
Finished goods	1,667	2,308
	15,270	14,982

12. TRADE RECEIVABLES

	GROUP	
	2015 RM'000	2014 RM'000
Trade receivables	28,707	25,519
Less: Allowance for doubtful debts	(3,531)	(4,548)
	25,176	20,971

The normal trade credit terms granted to customers ranged from 30 to 90 (2014: 30 to 90) days or contractual periods based on project contract sales. Certain receivables' credit terms are assessed and approved on a case by case basis.

The ageing analysis of trade receivables is as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	6,472	9,375
Past due, not impaired		
- 1 to 60 days past due, not impaired	9,987	2,881
- 61 to 120 days past due, not impaired	2,844	2,109
- 121 to 150 days past due, not impaired	1,031	536
- more than 150 days past due, not impaired	4,842	6,070
	18,704	11,596
Past due and impaired	3,531	4,548
	28,707	25,519

The Group has trade receivables amounting to RM18,704,129 (2014: RM11,595,781) that are past due but not impaired and is unsecured in nature. The management is confident that the receivables are recoverable as these accounts comprised mainly project related sales which are categorised as creditworthy customers and there were no significant changes in the credit quality.

The currency exposure profile of trade receivables is as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	10,882	13,919
United States Dollar	11,930	5,045
Singapore Dollar	1,347	1,295
Sterling Pound	967	712
Euro	50	-
	25,176	20,971

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables	687	149	-	-
Deposits	292	245	-	-
Prepayments	483	549	17	16
	1,462	943	17	16

14. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The fixed deposits have been pledged as security for banking facilities granted to a subsidiary, as disclosed in Note 18.

The fixed deposits as at 31 December 2015 have maturity periods ranging from 3 to 8 (2014: 3 to 8) months, and bear interest at rates ranging from 2.70% to 3.00% (2014: 2.70% to 3.00%) per annum.

15. SHORT TERM FUNDS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Redeemable at call	46	99	46	45
Redeemable upon 7-day notice	83	26	27	26
	129	125	73	71

The short term funds represent placements in fixed income trusts with licensed financial institutions, incorporated in Malaysia and bear interest at rates ranging from 2.33% to 3.31% (2014: 2.33% to 3.15%) per annum.

16. SHARE CAPITAL

	GROUP AND COMPANY			
	2015 '000 UNIT	2015 RM'000	2014 '000 UNIT	2014 RM'000
AUTHORISED				
Ordinary shares of RM0.50 each at beginning of the year	100,000	50,000	100,000	50,000
Par value reduction of ordinary shares from RM0.50 to RM0.10 each	-	(40,000)	-	-
	100,000	10,000	100,000	50,000
Ordinary shares of RM0.10 each added during the year	400,000	40,000	-	-
Ordinary shares of RM0.10 (2014: RM0.50) each at end of the year	500,000	50,000	100,000	50,000
ISSUED AND FULLY PAID				
Ordinary shares of RM0.50 each at beginning of the year	81,000	40,500	81,000	40,500
Par value reduction of ordinary shares from RM0.50 to RM0.10 each	-	(32,400)	-	-
	81,000	8,100	81,000	40,500
Bonus issue	162,000	16,200	-	-
Ordinary shares of RM0.10 (2014: RM0.50) each at end of the year	243,000	24,300	81,000	40,500

On 20 August 2015, the Company reduced its issued and paid-up share capital from RM40,500,000 to RM8,100,000 via the cancellation of RM0.40 of the par value of every existing ordinary share of RM0.50 each to RM0.10 each. Consequently, the authorised share capital stated in the Memorandum and Articles of Association of the Company was updated to reflect the change of its par value.

On 9 September 2015, the Company increased its issued and paid-up share capital through a bonus issue of 162,000,000 new ordinary shares of RM0.10 each on the basis of two (2) bonus shares for every one (1) existing ordinary share of RM0.10 each in the Company by way of capitalisation of its share premium account amounting to RM16,200,000. The issued and paid-up share capital of the Company was increased from RM8,100,000 to RM24,300,000 by the above bonus issue.

These new shares rank paripassu in all respects with the existing shares of the Company.

17. RETAINED EARNINGS

The retained earnings can be distributed by way of single tier dividends which are not taxable in the hands of the shareholders.

18. BORROWINGS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CURRENT				
Bank overdrafts (secured)	8,415	8,896	-	-
Bills payable (secured)	5,515	6,924	-	-
Finance lease liabilities	1,518	1,536	-	57
Term loans (secured)	1,579	1,897	-	-
	17,027	19,253		57
NON-CURRENT				
Finance lease liabilities	1,439	2,704	-	-
Term loans (secured)	11,620	10,608	-	-
	13,059	13,312	-	-
	30,086	32,565	-	57
TOTAL BORROWINGS				
Bank overdrafts (secured)	8,415	8,896	-	-
Bills payable (secured)	5,515	6,924	-	-
Finance lease liabilities	2,957	4,240	-	57
Term loans (secured)	13,199	12,505	-	-
	30,086	32,565	-	57

The effective interest rates incurred during the financial year for borrowings ranged from 2.28% to 8.10% (2014: 2.28% to 8.40%) per annum.

The bank overdrafts, bills payable and term loans are secured by the following:

(a) Land and buildings of the Group, as disclosed in Note 6;

(b) Property development costs, as disclosed in Note 10;

(c) Registered debenture creating a fixed and floating charge on all of a subsidiary's asset, Euroland & Development Sdn. Bhd.;

(d) All monies facility agreements;

(e) Fixed deposits with licensed financial institutions as disclosed in Note 14;

(f) Personal guarantee and indemnity by certain former Directors: and

(g) Corporate guarantee by the Company, as disclosed in Note 33.

18. BORROWINGS (continued)

Terms of repayment of borrowings are as follows:

(a) Bank overdrafts : Repayable on demand

(b) Bills payable : 30 to 150 days

(c) Term loans : 2 to 14 years from drawdown date

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
FINANCE LEASE LIABILITIES				
Minimum lease payments				
- not later than 1 year	1,636	1,724	-	58
- later than 1 year and not later than 2 years	984	1,546	-	-
- later than 2 years and not later than 5 years	517	1,309	-	-
Total minimum lease payments	3,137	4,579	-	58
Less : Future finance charges on finance lease	(180)	(339)	-	(1)
Present value of finance lease liabilities	2,957	4,240	-	57
Present value of finance lease liabilities				
- not later than 1 year	1,518	1,536	-	57
- later than 1 year and not later than 2 years	937	1,442	-	-
- later than 2 years and not later than 5 years	502	1,262	-	-
	2,957	4,240	-	57

	GROUP	
	2015 RM'000	2014 RM'000
TERM LOANS		
Repayment terms		
- not later than 1 year	1,579	1,897
- later than 1 year and not later than 2 years	4,016	1,576
- later than 2 years and not later than 5 years	4,695	4,439
- later than 5 years	2,909	4,593
	13,199	12,505

19. TRADE PAYABLES

The normal trade credit terms granted to the Group ranged from 30 to 90 (2014: 30 to 90) days.

The currency exposure profile of trade payables is as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	9,740	10,521
United States Dollar	358	847
	10,098	11,368

20. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sundry payables	5,915	4,617	-	-
Provisions and accruals	2,339	875	62	57
Deposits received from customers	3,880	1,731	-	-
Payables relating to property development activities	3,073	-	-	-
Amount due to related parties	-	24	-	-
Amount due to Directors	37	2	35	-
	15,244	7,249	97	57

The currency exposure profile of other payables, accruals and deposits received is as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	9,476	5,635	97	57
United States Dollar	5,637	1,611	-	-
Euro	47	3	-	-
Singapore Dollar	84	-	-	-
	15,244	7,249	97	57

The amount due to Directors which is non-trade in nature, is unsecured, interest free and is repayable on demand.

20. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED (continued)

The amount due to related parties which is non-trade in nature, is unsecured, interest free and is repayable on demand. The details of related parties are as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Pro Uptrend Resources Sdn. Bhd.	-	24

21. FORWARD EXCHANGE CONTRACTS

	2015 RM'000			2014 RM'000		
	CONTRACT NOTIONAL AMOUNT	ASSETS	LIABILITIES	CONTRACT NOTIONAL AMOUNT	ASSETS	LIABILITIES
NON-HEDGING DERIVATIVES						
Current:						
Forward currency contracts	4,865	69	-	5,110	-	78

The Group uses forward exchange contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedge and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward exchange contracts are used to hedge the Group's sales and purchases denominated in USD, SGD, GBP and EUR for which firm commitments existed at the reporting date, extending to June 2016 (2014: June 2015).

During the financial year, the Group's recognised a gain of RM146,805 (2014: RM7,642) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

22. REVENUE

Group

Revenue represents the invoiced value of goods sold less returns and discounts.

Company

Revenue represents dividend income received and receivable.

23. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
PROFIT BEFORE TAXATION IS ARRIVED AT AFTER CHARGING:				
Allowance for doubtful debts	726	2,307	-	-
Auditors' remuneration	107	100	26	23
Bad debts written-off	1,541	-	-	-
Depreciation of property, plant and equipment	5,332	5,281	60	69
Finance cost:				
- Bank overdraft interest	377	216	-	-
- Bills payable interest	261	364	-	-
- Finance lease interest	192	280	1	6
- Term loan interest	832	949	-	-
Loss on disposal of property, plant and equipment	259	-	212	-
Loss on forward exchange contracts	-	8	-	-
Realised foreign exchange loss	245	-	-	-
Property, plant and equipment written-off	-	27	-	-
Rental of forklifts	261	277	-	-
Rental of license	16	-	-	-
Rental of equipment	33	32	-	-
Rental of premises	71	66	-	-
Staff costs (Note 24)	22,622	22,918	257	251
AND CREDITING:				
Reversal of allowance for doubtful debts	1,743	39	-	-
Dividend income	-	-	1,000	1,132
Fixed deposits interest income	33	44	-	-
Gain on disposal of property, plant and equipment	-	6	-	-
Gain on forward exchange contracts	147	-	-	-
Interest income	6	5	2	2
Realised foreign exchange gain	-	409	-	-
Unrealised foreign exchange gain	470	162	-	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

24. STAFF COSTS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries, wages, allowances, overtime, bonus and fees	20,620	20,725	257	251
Employees Provident Fund	1,408	1,364	-	-
Social security contributions	132	127	-	-
Other staff related expenses	462	702	-	-
	22,622	22,918	257	251

Included in staff costs are the remuneration of the Directors and senior management as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
DIRECTORS				
Salaries, allowances and bonus	658	1,663	35	43
Fees	222	208	222	208
Employees Provident Fund	79	191	-	-
Social security contributions	-	1	-	-
Other emoluments	35	138	-	-
	994	2,201	257	251
Estimated monetary value of other benefits received by the Directors	50	127	24	28
SENIOR MANAGEMENT				
Salaries, allowances and bonus	2,037	1,809	-	-
Employees Provident Fund	172	185	-	-
Social security contributions	7	6	-	-
Benefits-in-kind	63	30	-	-
	2,279	2,030	-	-

25. TAXATION

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysian income tax				
- current year	868	445	-	-
- under/(over) provision in prior years	7	7	-	-
	875	452	-	-
Deferred tax (Note 9)				
Related to origination and reversal of temporary differences				
- current year	419	140	(5)	(2)
- under/(over) provision in prior years	10	(80)	-	-
	429	60	(5)	(2)
	1,304	512	(5)	(2)

Reconciliations of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation	3,836	2,884	220	347
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	959	721	55	87
Tax effects of:				
- income not subject to tax	(10)	(1)	(250)	(283)
- expenses not deductible for tax purposes	523	526	190	194
- tax incentives from double tax deduction	(39)	(29)	-	-
- deferred tax assets arising from current year's losses not recognised	611	537	-	-
- utilisation of deferred tax assets not recognised previously	(859)	(1,205)	-	-
- derecognition of deferred tax assets recognised previously	102	36	-	-
Under provision of income tax in prior years	7	7	-	-
Under/(over) provision of deferred tax in prior years	10	(80)	-	-
Tax expense for the year	1,304	512	(5)	(2)

Subject to agreement with the Inland Revenue Board, the Group has unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances amounting to approximately RM7,802,000 (2014: RM7,026,200), RM420,000 (2014: RM748,000) and RM21,980,000 (2014: RM25,791,500) respectively for set off against future chargeable income.

Deferred tax assets amounting to approximately RM4,140,000 (2014: RM4,650,200) have not been recognised in the financial statements as the Directors are uncertain whether future taxable profits will be available for set-off against these deferred tax assets.

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2015 RM'000	2014 RM'000
Consolidated profit for the year attributable to the owners of the parent	2,147	2,409
Weighted average number of shares ('000 shares)	243,000	243,000
Basic earnings per share (sen) #	0.88	0.99

Number of shares was adjusted to 243,000,000 following the bonus issue of 162,000,000 new Euro Shares on the basis of two (2) bonus shares for every one (1) existing Euro Share held, completed on 9 September 2015.

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.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions arising from normal business transactions of the Company and its subsidiaries with their related parties during the financial year are as follows:-

	2015 RM'000	2014 RM'000
RENTAL CHARGED BY A COMPANY IN WHICH CERTAIN DIRECTORS HAVE INTERESTS		
Pro Uptrend Resources Sdn. Bhd.	48	48
SUBCONTRACTOR FEES CHARGED BY PERSONS CONNECTED TO DIRECTORS		
Lew Chee Lung	-	324

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

28. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Interest rate sensitivity analysis

i Fair value sensitivity analysis for fixed rate instrument

The Group does not account for any fixed rate financial liabilities at 'fair value through profit or loss' and does not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

ii Interest rate risk sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's profit before tax would decrease or increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which are not hedged. The following analysis shows the Group's sensitivity to interest rate exposure.

	(INCREASE)/ DECREASE IN THE GROUP'S RESULTS 2015 RM'000	(INCREASE)/ DECREASE IN THE GROUP'S RESULTS 2014 RM'000
EFFECTS ON PROFIT BEFORE TAXATION:		
25 basis points	50	55
50 basis points	101	110
75 basis points	151	165
100 basis points	202	220

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(b) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the Head of Credit Control. Since the Group trades only with recognised and credit worthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets.

Credit risks concentration profile

The Group's concentration of credit risks relates to the amount owing by one major customer which constituted 15% (2014: 16%) of its trade receivables at the end of the reporting period.

The exposure of credit risks for trade receivables as at the end of the reporting period by geographical region is as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Domestic	9,705	13,045
India	4,974	2,646
Indonesia	4,608	661
Singapore	1,027	1,296
Europe	1,017	716
Philippines	489	596
Middle East	460	157
Hong Kong	423	-
Others	2,473	1,854
	25,176	20,971

As at the end of the reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar, Sterling Pound and Euro.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(c) Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	(INCREASE)/ DECREASE IN THE GROUP'S RESULTS 2015 RM'000	(INCREASE)/ DECREASE IN THE GROUP'S RESULTS 2014 RM'000
Effects on profit before taxation:		
USD		
- strengthened by 5% (2014: 5%)	339	213
- weakened by 5% (2014: 5%)	(339)	(213)
SGD:		
- strengthened by 5% (2014: 5%)	63	65
- weakened by 5% (2014: 5%)	(63)	(65)
GBP:		
- strengthened by 5% (2014: 5%)	48	36
- weakened by 5% (2014: 5%)	(48)	(36)
EUR:		
- strengthened by 5% (2014: 5%)	*	-
- weakened by 5% (2014: 5%)	*	-

* Denotes less than RM1,000

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratios at the end of reporting period was as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total borrowings	30,086	32,565	-	57
Less: Deposits, cash and bank balances	(5,030)	(7,747)	(180)	(276)
Net debt	25,056	24,818	(180)	(219)
Total equity	71,089	68,873	48,010	48,101
Debt-to-equity	35.25%	36.03%	Not Applicable	Not Applicable

29. SEGMENT REPORTING

The Group is involved in a single industry of manufacturing and trading of office furniture with its operations conducted predominantly in Malaysia, as the property division of the Group had not commenced operations during the financial year.

The Group presents its segment information based on local and exports market segments, which is the basis of presenting its monthly management reports. For each of the market segments, the Group Managing Director reviews internal management reports on a regular basis for performance and resource allocation decisions.

29. SEGMENT REPORTING (continued)

For the financial year ended 31 December 2015, the Group's financial information is analysed by operating segments as follows:

	MANUFACTURING RM'000	PROPERTY RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	TOTAL RM'000
2015					
REVENUE					
Local	23,799	-	1,000	(1,000)	23,799
Exports	68,688	-	-	-	68,688
	92,487	-	1,000	(1,000)	92,487
RESULTS					
Segment results	7,634	(1,105)	221	(1,032)	5,718
Finance costs	(1,879)	(1)	(1)	-	(1,881)
Profit/(loss) before taxation	5,755	(1,106)	220	(1,032)	3,837
Taxation	(1,310)	-	5	-	(1,305)
Profit/(loss) after taxation	4,445	(1,106)	225	(1,032)	2,532
Net assets/ (liabilities) as at 31 December 2015	49,740	(2,181)	48,010	(24,480)	71,089
OTHER INFORMATION					
Allowance for doubtful debts	726	-	-	-	726
Depreciation	5,236	36	60	-	5,332

29. SEGMENT REPORTING (continued)

	MANUFACTURING RM'000	PROPERTY RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	TOTAL RM'000
2014					
REVENUE					
Local	33,510	-	1,132	(1,132)	33,510
Exports	72,603	-	-	-	72,603
	106,113	-	1,132	(1,132)	106,113
RESULTS					
Segment results	6,340	(629)	353	(1,132)	4,932
Finance costs	(2,042)	-	(6)	-	(2,048)
Profit/(loss) before taxation	4,298	(629)	347	(1,132)	2,884
Taxation	(514)	-	2	-	(512)
Profit/(loss) after taxation	3,784	(629)	349	(1,132)	2,372
Net assets/ (liabilities) as at 31 December 2014	46,295	(1,075)	48,101	(24,448)	68,873
OTHER INFORMATION					
Allowance for doubtful debts	2,307	-	-	-	2,307
Depreciation	5,187	25	69	-	5,281

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment which were satisfied as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash payments	507	2,726	35	-
Finance lease arrangements	279	624	-	-
	786	3,350	35	-

31. NON-CANCELLABLE CONTRACTS

At the financial year end, the commitments in respect of non-cancellable operating lease for the rental of properties and equipments are as follows:

	GROUP	
	2015 RM'000	2014 RM'000
As lessee		
Future minimum lease payments		
- not later than 1 year	682	140
- later than 1 year and not later than 2 years	17	51
- later than 2 years and not later than 5 years	3	17
	702	208

32. CAPITAL COMMITMENTS

	GROUP	
	2015 RM'000	2014 RM'000
CAPITAL EXPENDITURE		
Approved and contracted but not provided for:		
- Plant, machinery, tools and moulds	-	38
- Motor Vehicle	72	-
	72	38

33. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
UNSECURED				
Corporate guarantees given to financial institutions in respect of credit facilities granted to subsidiaries	-	-	114,196	84,010

34. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables [L&R]

(b) Fair value through profit or loss [FVTPL]

(c) Other financial liabilities [OFL]

34. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

GROUP	CARRYING AMOUNT RM'000	L&R RM'000	FVTPL RM'000	OFL RM'000
2015				
NON-DERIVATIVE FINANCIAL ASSETS				
Trade receivables	25,176	25,176	-	-
Other receivables and deposits	979	979	-	-
Fixed deposits with licensed financial institutions	1,266	1,266	-	-
Short term funds	129	129	-	-
Cash and bank balances	3,635	3,635	-	-
	31,185	31,185	-	-
DERIVATIVE FINANCIAL ASSETS				
Forward exchange contracts	69	69	-	-
NON-DERIVATIVE FINANCIAL LIABILITIES				
Trade payables	10,098	-	-	10,098
Other payables, accruals and deposits received	15,244	-	-	15,244
Borrowings	30,086	-	-	30,086
	55,428	-	-	55,428
2014				
NON-DERIVATIVE FINANCIAL ASSETS				
Trade receivables	20,971	20,971	-	-
Other receivables and deposits	394	394	-	-
Fixed deposits with licensed financial institutions	903	903	-	-
Short term funds	125	125	-	-
Cash and bank balances	6,719	6,719	-	-
	29,112	29,112	-	-
NON-DERIVATIVE FINANCIAL LIABILITIES				
Trade payables	11,368	-	-	11,368
Other payables, accruals and deposits received	7,249	-	-	7,249
Borrowings	32,565	-	-	32,565
	51,182	-	-	51,182
DERIVATIVE FINANCIAL LIABILITIES				
Forward exchange contracts	78	-	78	-

34. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

COMPANY	CARRYING AMOUNT RM'000	L&R RM'000	OFL RM'000
2015			
NON-DERIVATIVE FINANCIAL ASSETS			
Short term funds	73	73	-
Cash and bank balances	107	107	-
	180	180	-
NON-DERIVATIVE FINANCIAL LIABILITIES			
Other payables and accruals	97	-	97
2014			
NON-DERIVATIVE FINANCIAL ASSETS			
Short term funds	71	71	-
Cash and bank balances	205	205	-
	276	276	-
NON-DERIVATIVE FINANCIAL LIABILITIES			
Accruals	57	-	57
Finance lease liabilities	57	-	57
	114	-	114

35. FAIR VALUES OF THE FINANCIAL INSTRUMENTS

The fair values of the financial instruments of the Group and of the Company as at 31 December 2015 are not materially different from their carrying values.

36. SIGNIFICANT EVENT

(a) On 12 January 2015, Euroland & Development Sdn. Bhd. has accepted additional three banking facilities amounting to RM30 million, on top of an existing overdraft facility of RM5 million. The banking facilities are secured by corporate guarantee from Euro Holdings Berhad and a parcel of freehold land for residential development.

(b) On 2 December 2015, Euroland & Development Sdn. Bhd. has accepted an additional banking facility amounting to RM5 million on top of the above mentioned banking facilities. The banking facility is secured by corporate guarantee from Euro Holdings Berhad and a parcel of freehold land for residential development.

37. SUBSEQUENT EVENT

On 18 January 2016, Euro Chairs Manufacturer (M) Sdn. Bhd. has accepted an additional banking facility amounting to RM3 million. The banking facility is secured by corporate guarantee from Euro Holdings Berhad.

38. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 into realised and unrealised profits is prepared and presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institutes of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Retained earnings				
- realised	45,809	43,271	3,983	3,763
- unrealised	1,242	1,216	(1)	(6)
	47,051	44,487	3,982	3,757
Less: Consolidation adjustments	(20,479)	(20,062)	-	-
Retained earnings as per financial statements	26,572	24,425	3,982	3,757

Analysis Of **Shareholdings**

As at 21st March 2016

Authorised Share Capital	:	RM50,000,000.00 comprising 500,000,000 ordinary shares of RM0.10 each
Issued and Fully Paid-Up Share Capital	:	RM24,300,000.00
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	2	0.09	84	0.00
100 - 1,000	970	43.99	301,673	0.12
1,001 - 10,000	375	17.01	2,534,453	1.04
10,001 - 100,000	680	30.84	25,399,746	10.45
100,001 - 12,149,999	174	7.89	105,864,044	43.57
12,150,000 and above	4	0.18	108,900,000	44.82
Total	2,205	100.00	243,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest	No. of Shares held %
1	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	55,818,000	22.97
2	Dato' Tong Yun Mong	30,000,000	12.35
3	Tee Wee Sien	30,000,000	12.35

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Shareholders	Direct Interest	No. of Shares held %
1	Dato' Sri Mohd Haniff Bin Abd Aziz	11,673,000	4.80
2	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	55,818,000	22.97
3	Dato' Tong Yun Mong	30,000,000	12.35

Analysis Of **Shareholdings** (continued)

As at 21st March 2016

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1	Amsec Nominess (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	30,300,000	12.47
2	Amsec Nominees (Asing) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Tee Wee Sien (Zheng Weixian)	30,000,000	12.34
3	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	24,300,000	10.00
4	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Dato' Tong Yun Mong	24,300,000	10.00
5	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Teh Hock Toh	6,906,144	2.84
6	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	6,027,645	2.48
7	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Dato' Tong Yun Mong	5,700,000	2.35
8	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	5,645,355	2.32
9	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Triways Travel Network (JB) Sdn Bhd	4,754,700	1.96
10	Tew Boo Sing	4,039,500	1.66
11	Khong Saw Keng	3,045,600	1.25
12	Tee Yeow	3,009,900	1.24
13	Chew Chong Kee	2,865,000	1.18
14	Teo Kwee Hock	2,833,700	1.17
15	NLY Development Sdn Bhd	2,660,400	1.09
16	Lai Kim Lan	2,000,000	0.82
17	Wong Sek Hin	1,990,000	0.82
18	Tan Soh Gek	1,713,300	0.70
19	Richard Bong Ted Siong	1,500,000	0.62
20	Chang Yew Kwong	1,475,700	0.61
21	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	1,218,000	0.50
22	Loh Cheng Fatt	1,100,000	0.45
23	Affin Hwang Nominees (Tempatan) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Bong Choon Fah	1,032,800	0.43
24	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yeng Chi	900,000	0.37
25	Tan Ah Su	866,100	0.36
26	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Kwee Koon	864,300	0.36
27	Ng Gim Tee	843,000	0.35
28	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kon Sing @ Liew Kong	830,000	0.34
29	Wong Sek Hin	830,000	0.34
30	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	806,900	0.33
		174,358,044	71.75

Group Properties

REGISTERED/ BENEFICIAL OWNER	ECM	ESI	ESI	EUROLAND
LOCATION	H.S.(D) 86293 No Lot. 178 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 21, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86340 Lot No. 193 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 15, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86280 Lot. No 169 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 25, Jalan RP 2 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	GM 974 Lot 2223 Mukim Cheras Daerah Hulu Langat Selangor Darul Ehsan
DESCRIPTION/ EXISTING USE	Industrial land with factory and office building erected thereon	Industrial land with factory and office building erected thereon	Industrial land with factory buildings erected thereon	Development land
LAND AREA (SQ. FT.)	87,123	82,602	210,101	175,602
BUILT-UP AREA (SQ. FT.)	91,385	69,259	108,116 149,406	-
APPROXIMATE AGE OF BUILDING/TENURE	19 years/Freehold	18 years/Freehold	9 years/ Freehold 5 years /Freehold	Freehold
NET BOOK VALUE AS AT 31 DEC 2015 (RM'000)	5,490	4,996	31,903	21,880
YEAR OF ACQUISITION/ CONSTRUCTION/REVALUATION	1996 2004#	1997*	2006 2010	2011

* Revalued
\# The building was constructed in 1996 whereas the land was acquired in 2004.

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya, Selangor on Thursday, 2 June 2016 at 10.00 a.m. for the transaction of the following businesses:

AGENDA

A Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.	Please refer to Note A
2.	To approve the payment of Directors' fees of RM222,000 for the financial year ended 31 December 2015.	Ordinary Resolution 1 *(Please refer to Note B)*
3.	To approve the payment of Directors' fees of RM246,000 for the financial year ending 31 December 2016.	Ordinary Resolution 2
4.	To re-elect the following Directors who retire in accordance with Article 73 of the Articles of Association of the Company and being eligible, have offered themselves for re-election:	
	Dato' Sri Mohd Haniff Bin Abd Aziz	Ordinary Resolution 3
	Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	Ordinary Resolution 4
5.	To re-appoint Messrs. Nexia SSY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5

B Special Business

To consider and if thought fit, to pass with or without modifications the following resolutions:-

6.	**Authority to issue shares pursuant to section 132D of the Companies Act, 1965**	Ordinary Resolution 6
	"THAT, subject always to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the approvals of Bursa Malaysia Securities Berhad ("Bursa Securities") and the relevant regulatory authorities where such approval is necessary, the Directors be and are hereby empowered, pursuant to Section 132D of the Act, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting ("AGM") and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate numbers of shares to be issued does not exceed ten percent (10%) of the total issued share capital of the Company for the time being."	
7.	**Proposed renewal of shareholders' mandate for the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company pursuant to Section 67A of the Companies Act, 1965 ("Proposed SBB Renewal")**	Ordinary Resolution 7

"THAT subject to compliance with the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total of audited share premium reserve and retained profit of the Company for the purpose of and to purchase such amount of ordinary shares of RM0.10 each in the Company ("EURO Shares") as may be determined by the Directors of the Company provided that the aggregate number of EURO Shares purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities at any point in time;

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the EURO Shares in the following manner:-

i) to cancel the EURO Shares so purchased; or

ii) to retain the EURO Shares so purchased as treasury shares for distribution as dividends to shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities; or

iii) combination of (i) and (ii) above;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:-

i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things deemed fit and expedient in the interest of the Company to give full effect to the Proposed SBB Renewal contemplated and/or authorised by this resolution."

8. **Proposed retention of Independent Non-Executive Director** — Ordinary Resolution 8

"THAT, in accordance with the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

9. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Articles of Association.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482)
CHONG VOON WAH (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
Date: 29 April 2016

NOTES:

A. This Agenda item is meant for discussion only as Section 169 (1) of the Companies Act, 1965 and the Company's Articles of Association provide that the audited financial statements are to be laid in the general meeting. Hence, it is not put forward for voting.

B. The Non-Executive Directors are paid on monthly basis. However, the total amount of Directors' fees paid during the financial year will be tabled at the next Annual General Meeting for shareholders' approval and ratification. Details of the Directors' fees for the financial year ended 31 December 2015 are disclosed in the Statement on Corporate Governance of the Company's Annual Report 2015.

1. A member of the Company shall be entitled to appoint one or more proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.

   For the purpose of determining a member who shall be entitled to attend the Twelfth AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 25 May 2016. Only a depositor whose name appears on the Record of the Depositor as at 25 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

4. To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, at Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

5. Explanatory Notes to Special Business:

    a. The proposed Ordinary Resolution 6 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Act. If passed, it will empower the Directors of the Company, from the conclusion of this AGM to allot and issue shares in the Company up to and not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the conclusion of next AGM of the Company, unless revoked or varied at a general meeting.

        The general mandate approved in the preceding year AGM was not exercised by the Company and will expire at the forthcoming Twelfth AGM of the Company.

        With this renewed general mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or need arises.

    b. The proposed Ordinary Resolution 7 if passed, will provide a mandate for the Company to purchase its own shares up to ten percent (10%) of the total issued and paid-up share capital of the Company and shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting. Please refer to the Circular to shareholders dated 29 April 2016 which is dispatched together with the Company's Annual Report 2015.

    c. The proposed Ordinary Resolution 8, in observing the recommendation in relation to the tenure of an Independent director as prescribed by MCCG 2012, the Board of Directors of the Company ("the Board"), after having assessed the independence of Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, considers him to be independent and recommends that Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir be retained as Independent Non-Executive Director of the Company. The details of the Board's assessment and justifications are contained in the Statement on Corporate Governance of the Company's Annual Report 2015.

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Form of **Proxy**

NUMBER OF SHARES HELD:-	
CDS ACCOUNT NO.:-	

I/We____ NRIC or Company No ____________________________
(Full name in block letters)

of____
(Full address)

____

being a *Member/Members of **EURO HOLDINGS BERHAD** (Company No. 646559-T) hereby appoint (Proxy 1) ____________________

____(*NRIC No./Passport No. ______________________________)

of____and* failing him/her * (Proxy 2) ____________________________

(*NRIC No./Passport No.______________________________) of ____
and* failing him/her *, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya on Thursday, 2 June 2016 at 10.00 a.m. or at any adjournment thereof.

The proportions of my/our holdings to be represented by our proxy(ies) as follows:-

Proxy 1 - ____________________%

Proxy 2 - ____________________%

In case of a vote by show of hands, Proxy 1 shall vote on our behalf.

**strike out whichever is inapplicable*

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

		FOR	AGAINST
RESOLUTION 1	- To approve the payment of Directors' fees for the financial year ended 31 December 2015.		
RESOLUTION 2	- To approve the payment of Directors' fees for the financial year ending 31 December 2016.		
RESOLUTION 3	- To re-elect Dato' Sri Mohd Haniff Bin Abd Aziz who retires in accordance with Article 73 of the Company's Articles of Association.		
RESOLUTION 4	- To re-elect Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir who retires in accordance with Article 73 of the Company's Articles of Association.		
RESOLUTION 5	- To re-appoint Messrs. Nexia SSY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
RESOLUTION 6	- Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
RESOLUTION 7	- Proposed SBB Renewal		
RESOLUTION 8	- To approve the retention of Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir as Independent Non-Executive Director.		

Signed this________ day of _______________ 2016

____
Signature of Shareholder(s)

NOTES:

1. *A member of the Company shall be entitled to appoint one or more proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.*
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4. *To be valid, the proxy form duly completed and signed must be deposited at Share Registrar's Office, at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

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AFFIX
STAMP

THE SHARE REGISTRAR
EURO HOLDINGS BERHAD (646559-T)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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