EURO
EURO Holdings Berhad
(646559-T)

ANNUAL REPORT 2013

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.

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BOARD OF DIRECTORS

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

Lew Fatt Sin
Group Managing Director

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Executive Director

Law Sim Shee
Executive Director

Lew Hin
Executive Director

Teh Hock Toh
Executive Director

Foong Yein Teng
Executive Director

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

Ng Wai Pin
Independent Non-Executive Director

Pua Kah Ho
Independent Non-Executive Director

Tan Poh Ling
Independent Non-Executive Director

AUDIT COMMITTEE

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

Ng Wai Pin
Member, Independent Non-Executive Director

Tan Poh Ling
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

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

Ng Wai Pin
Member, Independent Non-Executive Director

Lew Fatt Sin
Member, Group Managing Director

NOMINATION COMMITTEE

Pua Kah Ho
Chairman, Independent Non-Executive Director

Ng Wai Pin
Member, Independent Non-Executive Director

Tan Poh Ling
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Tai Keat Chai - MIA 1688
Lim Hooi Chin - MAICSA 7025949

REGISTERED OFFICE

Suite 1603, 16th Floor, Wisma Lim Foo Yong
86 Jalan Raja Chulan, 50200 Kuala Lumpur
T : (603) 2732 1377
F : (603) 2732 0338

HEAD OFFICE

Wisma Euro
Lot 21, Jalan RP3
Rawang Industrial Estate
48000 Rawang, Selangor Darul Ehsan
T : (603) 6092 6666
F : (603) 6092 5000
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 Jaya 1
47620 Subang Jaya
Selangor Darul Ehsan
T: (603) 8025 9793
F: (603) 8025 9803

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
T : (603) 2664 3883
F : (603) 2282 1886

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd (295409-T)
Hong Leong Bank Berhad (97141-X)
HSBC Bank Malaysia Berhad (127776-V)

STOCK EXCHANGE LISTING

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

corporate structure

EURO™

EURO Holdings Berhad
(646559-T)

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

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

Dato' Sri Mohd Haniff, a Malaysian aged 60, was appointed Chairman of EURO on 1 October 2004. A graduate of the University of Malaya with a Bachelor of Economics (Honours) Degree, he has served the Ministry of International Trade and Industry (MITI) for nineteen years until his early retirement in 1994. During his tenure at MITI, he was 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, and then to Thailand until 1991. He has also served as the Director of the Malaysian External Trade Development Corporation from 1991 to 1994. Currently, he is a board member of Jerasia Capital Berhad.

Lew Fatt Sin
Group Managing Director

Lew Fatt Sin, a Malaysian aged 60, was appointed Group Managing Director of EURO on 1 October 2004. He is on the Remuneration Committee, appointed on 28 February 2005. A practical entrepreneur who knows his trade well, Lew has garnered close to 40 years of experience in furniture manufacturing, design and development. He started his career as a skilled craftsman in 1970 before joining a furniture factory that produced sofas and settees as a supervisor in 1974. Two years later, he embarked on a management buy-out of the company when the company went into the red. With long-term expansion goals, Lew revamped production to cater to the domestic office chair and cushion segment. Encouraging results were forth coming and in 1984, Fatt Sin (M) Sdn Bhd was incorporated. With Lew as EURO Group's main driving force, the Group is now a leading manufacturer of ergonomic seating, system furniture and related office furniture products. He is actively involved in the Corporate Affairs of the Group, Research & Development and the overall operation of the Group. Lew is married to Law Sim Shee and is the brother of Lew Hin. He does not hold any directorship in other public listed companies.

directors' profiles (continued)

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong

Executive Director

Dato' Sri Choong Yuen Keong, a 54-year old Malaysian, was appointed 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. He started his career in construction site management and after eleven years, he moved on to property development, where he served for more than twenty years. With his wealth of experience in civil engineering, building construction and property development, he presently owns 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 does not hold other directorship in other public listed company.

Law Sim Shee

Executive Director

A Malaysian aged 60, Law Sim Shee was appointed Executive Director of EURO on 1 October 2004.She worked as a general clerk in a factory that produced sofas and settees in 1973. Upon a management buy-out of the factory in 1976, she became involved in the production and in the running of the company's administrative affairs. In her current capacity, she oversees Production, Materials Purchasing Department as well as Human and Administrative Affairs of EURO Group. She is the wife of Lew Fatt Sin and the sister-in-law of Lew Hin. She does not hold any directorship in other public listed companies.

Lew Hin
Executive Director

Lew Hin is a Malaysian, aged 62, and was appointed Executive Director of EURO on 1 October 2004. He started his career with a residential wooden furniture manufacturing company and later became a renovation contractor. Hence, he has gained a thorough understanding of the furniture industry. He joined EURO Group in 1984 as Sales Manager and was responsible for developing the Group's initial dealer network. Subsequently, he left the Group for four years to expand his knowledge of the industry before returning in 1995. He currently oversees the Group's overall production activities. Lew Hin holds no directorship in other public listed companies and is brother to Lew Fatt Sin and brother-in-law to Law Sim Shee.

Teh Hock Toh
Executive Directorv

Teh Hock Toh, aged 48, is a Malaysian who was appointed the Executive Director of EURO on 1 October 2004. He joined EURO Group in 1988 as a Sales Executive and was later promoted to Sales Manager in 1990. With diligence and good management skills, he ascended the corporate ranks efficiently and became the General Manager in 1994. With more than twenty years of experience in marketing office furniture and equipment, his forte lies in identifying new market opportunities and product development. He is primarily responsible for the overall marketing strategies for EURO Group and heads the Business Development Department. Teh Hock Toh does not hold any directorship in other public listed companies.

directors' profiles (continued)

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir

Independent Non-Executive Director

A Malaysian aged 66 and appointed Independent Non-Executive Director of EURO on 1 October 2004, Datuk Dr Syed Muhamad bin Syed Abdul Kadir also sits on the Audit Committee, appointed on 3 October 2004 and the Remuneration Committee, appointed on 28 February 2005. He graduated with a Bachelor of Arts degree from the 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 the 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 and in May 2012, became the fellow of the Institute.

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 before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter 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, first as Alternate Executive Director and later as Executive Director. Datuk Dr. Syed Muhamad. then joined the Ministry of Finance as Secretary of Tax Analysis Division and later became Deputy Secretary (Operations). Prior to his retirement, he was Secretary General in the Ministry of Human Resource. Currently, Datuk Dr. Syed Muhamad is the Chairman of Sun Life Malaysia Assurance Berhad (formerly known as CIMB Aviva Assurance Berhad), and Sun Life Malaysia Takaful Berhad (formerly known as CIMB Aviva Takaful Berhad). He is also a director of Bursa Malaysia Berhad, CIMB Group Holdings Berhad, Solution Engineering Holdings Berhad, BSL Corporation Berhad, CIMB Bank Berhad, CIMB Islamic Bank Berhad, ACR ReTakaful SEA Berhad and Malakoff Corporation Berhad. He also holds directorships in several private companies.

Foong Yein Teng
Executive Director

Foong Yein Teng is a 44-year old Malaysian. She was appointed Executive Director of EURO on 1 October 2004. Foong is professionally qualified as an Accountant and is a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and CPA Australia. Her career took off at Price Waterhouse Coopers in 1990 where she gained professional exposure in auditing, corporate finance and business advisory services. In 1995, she joined Land & General Berhad as Assistant Manager in the Group Accounts Division, and came on board of EURO Group in 1997 where she is responsible for the Group's Finance and Accounts and Corporate Affairs of the Group. She holds no directorship in other public listed companies.

Ng Wai Pin
Independent Non-Executive Director

Ng Wai Pin is a 48-year old Malaysian who was appointed as an Independent Non-Executive Director of EURO on 1 October 2004. He also sits on the Audit Committee, appointed on 3 October 2004, the Remuneration Committee, appointed on 28 February 2005 and the Nomination Committee, appointed on 26 November 2012. He graduated from the University of Auckland in 1988 with a degree in Bachelor of Laws and was admitted as a Barrister and Solicitor of the High Court in New Zealand. He was attached to a legal firm in Auckland for a few years. Thereafter, he returned to Kuala Lumpur and joined Shook Lin & Bok before being admitted as an Advocate and Solicitor in the High Court of Malaya in 1993. Besides his experience in legal practice, he also served as a Chief Executive Officer of several public listed companies, both locally and overseas. Currently, he is the Chairman and Managing Director of Frontken Corporation Berhad. He also sits on the board of BSL Corporation Berhad.

directors' profiles (continued)

Pua Kah Ho
Independent Non-Executive Director

Pua Kah Ho, a Malaysian aged 64, was appointed Independent Non-Executive Director or EURO on 1 October 2004. He is a member on the Nomination Committee, appointed on 28 February 2005 and became the chairman on 26 November 2012. Upon graduating high school in 1969, Pua commenced a long and rewarding career with Overseas Union Bank (M) Bhd (OUB). He was Credit Officer and Head of Operations in 1980 and in 1990, he assumed the position of Branch and Business Development Manager at OUB until his retirement in 2002. He does not hold any directorship in other public listed companies.

Tan Poh Ling
Independent Non-Executive Director

Tan Poh Ling, aged 43 was appointed as an Independent Non-Executive Director of EURO and the Audit Committee member on 21 January 2009. She also sits on the Nomination Committee, appointed on 26 November 2012. She is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Malaysian Institute of Taxation and Financial Planning Association of Malaysia. She has more than 20 years of experience in the field of auditing, accounting, taxation, business advisory and corporate finance, encompassing professional firms, multi national companies and private companies. Currently, she is a partner of a mid-size audit firm. Tan Poh Ling does not hold any directorship in other public listed companies.

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.

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

chairman's statement (continued)

ECONOMY & INDUSTRY REVIEW

The global economy continues to grow slowly, registering at only 3% in 2013, with demand for furniture inevitably affected by continuous cautious sentiment. In advanced economies such as U.S, the furniture industry has taken a hit with the highs and lows of the economy in the past several years and continued into 2013, despite improved unemployment figure. Furthermore, withdrawal of funds from overseas markets due to tapering exercise undertaken plunged and crashed emerging markets' currencies and directly, reducing their buying power.

In Eurozone, the progress made through financial reform has helped to regain confidence slowly for that region to look forward to better days ahead. In China, a sluggish economy and the burst of real estate bubble were stalling projects through the year, causing the Chinese government to shift its focus back to domestic consumption for relief.

Here at home, economic growth slowed in the first half of the year as attention was focused on the general election, with the market treading carefully even after the event had concluded. In 2013, Malaysia's economy grew by 4.7% compared with 5.6% in 2012, while the manufacturing sector which accounts for nearly 25% of the economy expanded at a slower pace of 5.1% as compared to 2012's 5.7%. Of greater significance, the dramatic recovery of the Malaysian economy in the third quarter of the year indicated that the worst has turned the corner with considerable improvement in external demand.

FINANCIAL OVERVIEW

For the full year ended 31 December 2013, Euro's revenue recorded a decrease of 5.8% on a year-to-year basis. The lower revenue was attributed by overseas market where growth was impeded by the withdrawal of foreign funds and forex crisis.

The first three quarters results of the Group proved taxing. While sales surged significantly in the final quarter as stability returned with the election concluded with a much improved external demand, the rebound was insufficient to overcome the losses sustained earlier in the year. The profit before tax for the year was RM0.1 million, as compared to FY2012's RM2.1 million. Due to the derecognition of RM1.2 million in deferred tax assets and deficits suffered by some subsidiaries, Euro registered a loss after taxation of RM1.5 million in comparison to a profit after taxation of the same amount. Earnings per share subsequently declined from FY2012's 1.82 sen to 2.01 sen in 2013, while net assets dipped from FY2012's 83.81 sen to 81.93 sen in 2013.

MARKETING

As part of the Group's continuous efforts to grow its export sales and build brand awareness within and outside of Malaysia, Euro made its annual appearance at the Malaysia International Furniture Fair (MIFF) 2013 at the Putra World Trade Center, Kuala Lumpur, which is Asia's number one furniture fair and a global Top 10 industry show. The Group also collaborated with international agents and participated in local trade fairs in India and the Middle East. Such events allow Euro to showcase its latest designs and products, while keeping the Management updated on global industry trends and developments.

OUTLOOK & PROSPECTS

The Group will continue to focus on the Asian markets where growth is more dynamic and resilient. According to the International Monetary Foundation (IMF), Asia on the whole is expected to accelerate to approximately 5.5% in 2014. On the home front, Malaysia's economy is expected to build on the optimistic finish of 2013, buoyed by recovery in the external sector and sustained domestic demand.

The anticipated improved global market condition however is under constant threat from inflation, rising operational and raw material cost, coupled with rationalized subsidy in the country, thus creating an intensively competitive market. Beginning January 1, 2014 – Malaysia joined the league of nations implementing minimum wages. The policy is designed to create the necessary environment for industries to move-up their value chain by increasing the productivity of their employees through the use of technology and other innovations.

Euro must embrace change for the benefits it can offer, as employers and employees become more global and mobile in the digital age. Euro will diversify and adapt to this change by modifying our products and services accordingly.

Across the globe, the Group is looking to tap into new regions with currently small demand but great growth potential. Our Research and Development (R&D) is hard at work at assessing, revising and creating new products for our customers across the board.

The responsibility of the Board continues to focus on the review, direction and effective execution of the Company's strategy. We are honored to have been entrusted by our stakeholders and we undertake our duty seriously.

DIVIDENDS

The Board of Directors does not recommend any payment of final dividend for the year ended 31 December 2013. This is to conserve cash to meet working capital requirements and expansion plans of the Group in 2014.

APPRECIATION

We are grateful for the hard work put forth by our Board members, management teams and excellent staff. Thank you for leading by example.

To our business partners, financiers and various government agencies, thank you for your support.

To our esteemed customers and stakeholders, we remain positive about the opportunities to grow the business and to enable further progress in various markets. We urge that you too, remain faithful in Euro's ability to create value for you.

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

group managing director's review of operations

Lew Fatt Sin
Group Managing Director

BUSINESS REVIEW

Malaysia continues to be 8th largest exporter of furniture globally and 3rd in Asia, with export figures at RM7.4 billion as the year came to a wrap. While it cast a seemingly slight dip from 2012's RM8 billion, the top trading partners reflected a significant reduction in volume, registering between 10% and 30% less across the board.

This resulted in the Group recording lower revenue for office furniture specifically, averaged between RM22 and RM24 million for the first three quarters of the year, with decline in the overseas markets. This meant that there was less to go around, thus intensifying domestic and international competition in the bid to seize all possible opportunities. However, the situation eventually stabilized and turned around in the final quarter of the year, with the Group registering a respectable quarterly revenue of RM26.8million.

For the full year ended 31 December 2013, revenue was at RM97.2 million against FY2012's RM103.2 million, a decrease of 5.8% on a year-to-year basis. The Group suffered losses in the first three quarters of 2013, before managing a reprieve in the final quarter. For the whole year, the Group recorded a profit before taxation of RM0.1 million, compared to 2012's RM2.1 million. However, the Group tallied a RM1.5 million loss after tax, mainly due to deferred tax asset write-offs and deficits suffered by subsidiaries.

DOMESTIC

Projects were generally slower in the first half of the year due to uncertainty surrounding the 13th General Election (GE13) in Malaysia. Economic activities and projects almost hit a standstill as foreign investors and private corporations adopted a cautious wait-and-see policy. As the election ended it was business as usual and projects began to take off, allowing the Group to secure and provide for more local projects in the final three months of the year. Domestic sales improved to RM43 million for a growth of 25.6% compared to the previous year.

EXPORT

Export sales underperformed in the first half of 2013, as Asian partners such as India and Indonesia were hit hard the steep depreciation of their respective currency against the U.S dollar, thus diminishing their buying power. At RM54.5 million, it is a 20% drop from FY2012's RM68.6 million. There was however, relief in the second half of the year in these markets. It was enough to revive stalled expansion and refurbishment projects as external demand improved considerably in the final quarter of the year.

group managing director's review of operations (continued)

PRODUCT LAUNCHES

Euro welcomed new additions to its existing collection in 2013:

- Blue Print Workstation
  Lightweight and easy-to-assemble, users can expect to counter clustering with features like hidden-cable option to enhance functionality and productivity.

- Theory Chair
  With emphasis on ergonomics, this is another benchmark for comfort and style, regardless of the user's size or taste.

- Data Base Compact Storage
  The range offers bespoke solutions when space is premium, with high-density storage, mobile stacking and shelving.

OPERATION EXPANSION

The development endeavor initiated under subsidiary company, Euroland & Development Sdn Bhd encountered unforeseen delay but the Group remains resolute and continues to pursue all possible avenues in securing green light to start work on its maiden residential development venture in Mukim Cheras, Kuala Lumpur.

In terms of manufacturing, the Group realigned and streamlined its plants, equipment and manpower throughout 2013 to maximize capacity and productivity. This is hard and constant work due to ever changing variables which are often beyond our control.

LOOKING FORWARD

The International Monetary Fund (IMF) has indicated that global economic activity is expected to improve between 3.6% and 4% in 2014/2015 as recovery gains momentum. We anticipate this to be reflected in advanced economies, specifically U.S after two years of continuous recession.

Regionally, growth is also expected between 5.1% and 5.4% among developing nations while powerhouse like China is still forecasting a reputable 7.5% growth, although at a decelerated rate compared to the last few years. This will furnish the necessary support platform for countries including Malaysia, to utilize as a stepping stone and in turn generate projects for Euro's revenue growth in 2014.

It is imperative that we ensure a sustainable recovery not a just temporary boost. The Group will work on exploring and developing the prospect Original Design Manufacturer (ODM) and Original Equipment Manufacturer (OEM) with established names to expand our revenue base. The experience will also allow Euro the learning curve to gauge and improve current operation standards.

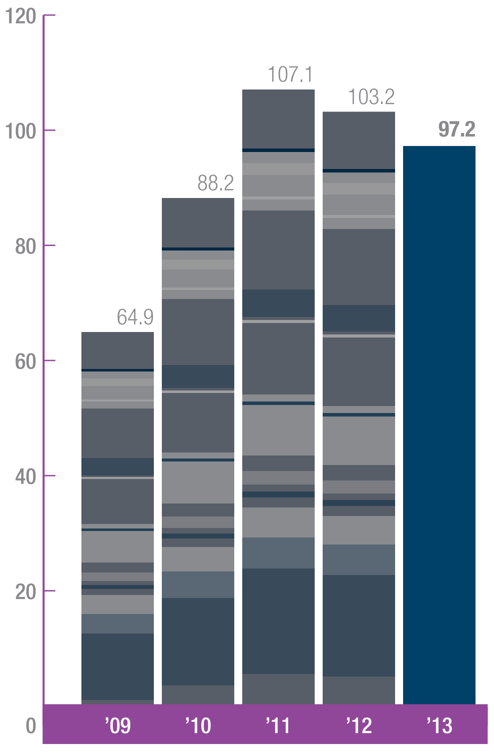
To retain our competitive edge, research and development (R&D) cannot be overlooked. Efforts in this area range from quality upgrade, design practicality and infusing technology to serve our markets and end-users better.

The major challenge for the Group in 2014 is rising input costs. Inflationary pressure, surging material prices and high labour wages in the country will put tremendous strain on operational budget to contain manageable figures. With more demanding times ahead, we have our work cut out for us. It is difficult, but not impossible. We must focus on our strengths, which have served us well in getting things down, rolling our new plans and products, and not fall behind in achieving our goals.

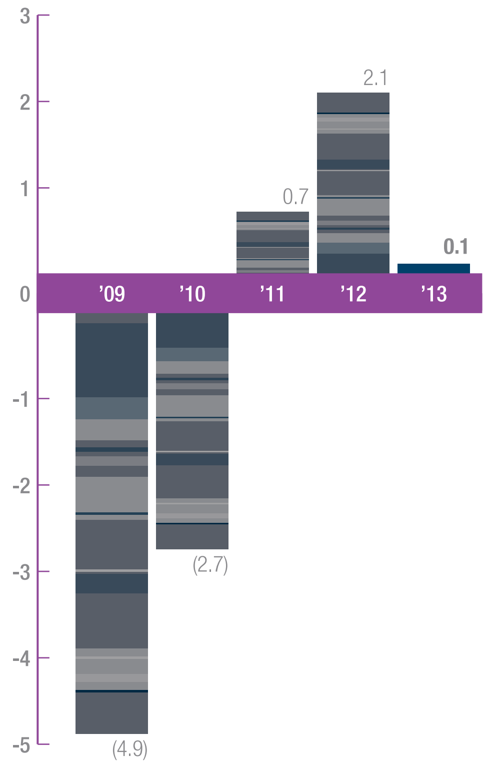
I thank you, our outstanding staff for your impeccable dedication and adaptability. You are the measure of the value we create and how we do it. The Group will not waver in staying true to our mission and vision. Let us continue to work together as we weather this storm.

Lew Fatt Sin
Group Managing Director

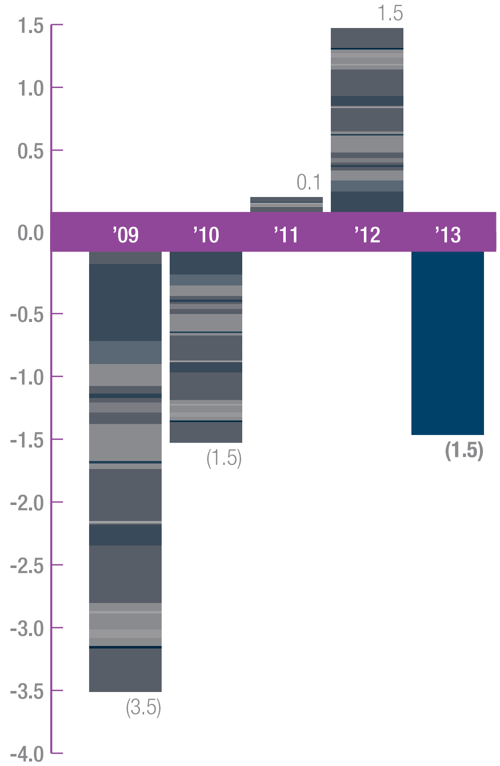
Revenue (RM' million)



PBT/(Loss) before taxation (RM' million)



PAT/(Loss) after taxation (RM' million)



	2013	2012	2011	2010	2009
Operating Results (RM'000)					
Revenue	97,215	103,172	107,076	88,207	64,914
EBITDA	7,329	9,399	7,896	2,625	523
PBT/(Loss) before taxation	121	2,100	725	(2,745)	(4,888)
(Loss)/PAT after taxation	(1,468)	1,472	125	(1,527)	(3,512)
Net profit attributable to equity holders	(1,630)	1,472	125	(1,527)	(3,512)
Key Data of Statement on Financial Position (RM'000)					
Total assets	123,939	129,059	131,533	119,169	113,524
Net borrowings	34,469	36,917	36,234	30,472	21,893
Shareholders' equity	66,360	67,890	66,418	66,293	67,813
Share Information & Key Financial Ratios					
Return on equity (%)	(2.21)	2.17	0.19	(2.30)	(5.18)
Return on total assets (%)	(1.18)	1.14	0.10	(1.28)	(3.09)
Gearing ratio (times)	0.52	0.54	0.55	0.46	0.32
Interest cover (times)	1.06	1.99	1.36	(2.31)	(6.30)
PE ratio (times)	(18.63)	15.96	174.96	(19.10)	(10.95)
Earnings per share attributable to equity holders (sen)	(2.01)	1.82	0.15	(1.89)	(4.34)
Net asset per share (sen)	81.93	83.81	82.00	81.84	83.72
Share price as at financial year end (sen)	37.5	29.0	27.0	36.0	47.5

statement on corporate governance

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

This statement sets out the commitment of the Board towards the Malaysian Code of Corporate Governance ("the Code") and describes how EURO has applied the principles laid down in the Code. Save where otherwise identified specifically, EURO has complied with the Principles and Best Practices of the Code throughout the financial year.

SECTION 1: THE BOARD OF DIRECTORS

THE BOARD SIZE AND BALANCE

The Board is collectively responsible for promoting the success of the EURO Group ("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.

COMPOSITION

At the end of the year 2013, the Board of Directors consists of a Group Chairman, a Group Managing Director, five (5) Executive Directors and four (4) Independent Non-Executive Directors. The Company complies with the criteria of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), of having at least one third or two of the board members as Independent Non-Executive Directors. The members of the Board have the appropriate and relevant professional and business experiences to steer the direction of the Group. The profile of each Director is presented on page 4 to page 9 of this Annual Report.

There is a clear division of responsibilities at the head of the Group to ensure balance off authority and power. The Board is led by the Chairman who is responsible for running the Board and ensures that all directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The executive management is led by the Group Managing Director to oversee the operation of the Group.

The Chairman of EURO is a Non-Independent and Non-Executive Director. This is a deviation from the recommendations of the Code but the Board is of the opinion that the process of decision making by the Board has been based on collective decisions without any individual exercising any concentration of power or influence and is supported by the presence of independent elements in the Board. Further, the Chairman is not involved with the Group's business management and operations as these are the responsibilities of the Group Managing Director and neither is he related to any of the other Board Directors and major shareholders of the Company.

TENURE OF INDEPENDENT DIRECTORS

In line with the Code, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-independent Director. In exceptional cases and subject to the assessment of the Nomination Committee, the Board may recommend for an Independent Non-Executive Director who has served a consecutive or cumulative term of nine (9) years to remain as Independent Non-Executive Directors subject to shareholders' approval.

Three (3) of our Independent Non-Executive Directors namely, Datuk Dr Syed Muhamad Bin Syed Abdul Kadir, Ng Wai Pin and Pua Kah Ho were appointed as Independent Directors since 1 October 2004. Pursuant to Recommendation 3.2 of the Code, all three (3) of the Directors have served as Independent Non-Executive Directors for a cumulative period of more than nine (9) years, have been recommended by the Board to be retained as Independent Directors.

TENURE OF INDEPENDENT DIRECTORS (continued)

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, Ng Wai Pin and Pua Kah Ho possess the attributes necessary in discharging their roles and functions as Independent Directors of the Company and that their independence have not been compromised or impaired in any way after having noted that during their tenure in office:

- the Directors exercise due care in all undertakings of the Group and in their fiduciary duties in the interest of the Company and minority shareholders;

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

- the Directors have never transacted or entered into any transactions with, nor provided and services to the Company and its subsidiaries, within the scope and meaning set forth under Paragraph 5 of Practice Note 13 of the Main LR; and

- the Directors have 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 them by the Company.

Accordingly, the Board recommends that Datuk Dr Syed Muhamad Bin Syed Abdul Kadir, Ng Wai Pin and Pua Kah Ho to remain as Independent Non-Executive Directors notwithstanding that they have served for more than nine (9) years and will be proposing an Ordinary Resolution to the shareholders at the forthcoming Annual General Meeting for the said purpose.

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 Group's and the Company's corporate strategy and adopting a strategic plan for the Group and 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 system and management information system are in compliance with the applicable standards and laws and regulations; and

- 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 judgement in the decision making process.

BOARD MEETINGS

Board Meetings are scheduled for every quarter with additional meetings to be convened as and when required. 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 Abdul Aziz	5/5	100
Lew Fatt Sin	5/5	100
Law Sim Shee	5/5	100
Teh Hock Toh	5/5	100
Lew Hin	5/5	100
Foong Yein Teng	5/5	100
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	5/5	100
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	5/5	100
Ng Wai Pin	5/5	100
Pua Kah Ho	5/5	100
Tan Poh Ling	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.

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.

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.

APPOINTMENT OF DIRECTORS

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Directors. 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 Main LR, 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 Company and subsidiary companies during the financial year ended 31 December 2013 are as follows:

Aggregate Remuneration categorized into appropriate components:

	Fees	Salaries and allowances, inclusive of EPF contributions	Bonus	Benefits-in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Executive Directors	-	1,922	71	277	2,270
Non-Executive Directors	205	48	-	28	281
Total	205	1,970	71	305	2,551

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1-RM50,000	-	4	4
RM101,000-RM150,000	-	1	1
RM250,001-RM300,000	3	-	3
RM350,001-RM400,000	2	-	2
RM600,001-RM650,000	1	-	1
Total	6	5	11

Note:

i. *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.*

DIRECTORS' TRAINING AND EDUCATION

All Directors appointed to the Board had attended and completed 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, some 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 2013 are as follows:

Seminar / Conference / Workshop

Corporate Governance	• Bursa Advocacy Sessions on Corporate Disclosures for Directors • Malaysian Code on Corporate Governance, Updates on Listing Requirements and Guidelines on Statement on Risk Management and Internal Control • Launch of Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers • Dialogue Presentation Session on Asean Corporate Governance Scorecard 2013
Roles of an Effective Board	• Audit Committee Seminar • Independent Review for Audit Committee and Board of Directors
Management	• Managing Uncertainties and Aligning Risks* • The Asian Century - Redefining Leadership • Risk Management
Accounting and Economics	• National Tax Conference 2013 – Managing the tax Eco-system • MIA Conference 2013 • 2014 Malaysian Budget Proposals • Human Priorities: The Urgency of Ethical Economics

** An in-house training provided by an external training provider.*

SECTION 2:
COMMITTEES OF THE BOARD

The Board had delegated certain responsibilities and duties to several Committees which operate within clearly defined terms and reference to assist the Board in the running of the Group. 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:

Committee	Chairperson
Audit Committee	Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
Nomination Committee	Pua Kah Ho
Remuneration Committee	Datuk Dr. Syed Muhamad bin Syed Abdul Kadir

AUDIT COMMITTEE

The Audit Committee comprises of three (3) independent Non-Executive Directors as at the end of the year. The composition, responsibilities, detailed term of reference and the activities of the Audit Committee during the financial year are set out separately in the Audit Committee Report on page 27 to page 31 of this Annual Report.

NOMINATION COMMITTEE

The Nomination Committee was established in February 2005. The Committee 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 Nomination Committee shall conduct a review of the mix of skills, experience and other core competencies for the Board on an annual basis. The members of the Nomination Committee who served during the financial year are:

- **Pua Kah Ho**
  Chairman, Independent Non-Executive Director

- **Ng Wai Pin**
  Member, Independent Non-Executive Director

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

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 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

- **Lew Fatt Sin**
  Member, Group Managing Director

- **Ng Wai Pin**
  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

- 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 Company's 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 twenty-one (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 Meetings (“EGM”) are 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 (“the Act”) 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 Company 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 2013 can be found on pages 41 to 88 of the Annual Report.

INTERNAL CONTROL

The Statement of Internal Control, which provides an overview of the state of internal controls within the Group, is set out on page 32 to page 33 of the Annual Report.

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 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 page 27 to page 31 of this Annual Report.

DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors are required by the Act 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 Act. The Board of Directors 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 2013, the Board of Directors 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 Act 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.

CORPORATE 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 corporate social responsibility. Hence, the Group supports important causes such as environmental preservation, donation to the needy, community services, promoting a healthy and safety culture within our organization and human capital development.

Environmental Preservation

Euro remains committed to our role as an environmental steward in creating and providing sustainable solutions along our value chains to meet the needs of our customers in an environmentally sound and sustainable manner. This is achieved through continuous improvements in our environmental performance in all our activities as we strive to reduce environmental impacts of our manufacturing operations. These activities aim to minimise resources used and wastes, prevention of pollution in all forms, use of non-hazardous materials, recycling and re-use of materials.

A review of our environmental strategy and performance in 2013, showed that we made further progress in our sustainability initiatives, particularly in the areas of "eco-efficiency" - improving environmental efficiency with proper waste and pollution controls in our manufacturing operations and "eco-innovation" - developing environmentally better products, where environmental factors are incorporated in the design and re-design of our products. Re-cycling and reuse of materials have been efficiently handled through our recycling programmes throughout the organisation, including the services rendered to our customers for recycling/ trading-in of used products. EURO's continuous promotion of GREENGUARD Certification and low emitting products also demonstrates our commitment to our long term strategic "Go Green" initiatives.

The Community

The Group is committed to promote a healthy and friendly environment to the community. It is our policy to comply with laws governing plant operations, maintenance and improvement relating to environment standards, housekeeping and storage methods, noise level management, emission standards, etc.

EURO also remains steadfast and consistent in supporting the local community by participating in and supporting various community services and activities. Some of the initiatives carried out in 2013 included:

- contribution of funds, office furniture and other necessities to various charitable organizations and associations
- sponsorship made to events of various non-profitable organizations and associations
- participation in the security committee within our industrial zone, to safeguard the safety and interest of our employees and workplace
- organising a blood donation drive for our employees and some of our business associates to the National Blood Bank
- recruitment of fresh graduates and interns, aimed at equipping young graduates with invaluable skills and experience for better employment opportunities

CSR initiatives within the Organization:-

Occupational Health and Safety

We believe strong business performance starts with good health and safe environment. In recognition of "Healthy & Safe Employees are more Productive Employees", Euro continued to progress with remarkable achievements against set OHS performance goals in the year 2013. We conduct frequent occupational and safety awareness programmes to create better awareness and continuously improve on work safety measures. The initiatives included monitoring on pollution exposure through the carrying out of various chemical tests at workplace, audiometric and health screening tests for our employees. Work related injuries have been contained at low level, reflecting that overall awareness and consciousness on safe work practice has been effectively promoted.

Achieving OSH performance involves a profound shift in thinking and acting, not staying the course. Continuous improvement efforts in all aspects of the OSH management have ensured that EURO continues to receive formal certification under the ISO 14001 standard and OHSAS 18001 specification. Ongoing compliance audits by independent auditors confirm that Euro has comprehensive and safety management protocols in place, implemented and adopted.

Employees Welfare and Development

It is the policy of Euro that its employees are competent on the basis of appropriate education, training, skills and experience. Continuous performance enhancement and development of employees' competencies had been our primary focus in the area of human capital development. In this respect, work related trainings and continuous internal and external training programmes are provided to all staff, in line with the Group's belief to grow and upgrade our talent pool of workforce.

The employees are also provided with medical benefits, adequate insurance and leave compensation programmes which commensurate with their rank and level of employment. The Company held various health programmes including health screening checks, audiometric testings and medical management talks at the workplace to encourage staff to take charge of their health.

Recognizing the need to promote a healthy and balanced lifestyle to our staff, the Group also organized annual dinner, sport activities and social events for our staff. Such events are designed to create greater unity, teamwork and rapport amongst employees.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Main LR 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 2013.

Share Buy-back

The Company had at its Ninth Annual General Meeting held on 25 June 2013, 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 23 June 2014.

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 2013 amounted to RM6,000.00.

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 2013.

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.

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

Recurrent Related Party Transactions
At the Ninth Annual General Meeting of the Company held on 25 June 2013, the Company had obtained the approval of shareholders for the renewal of the shareholders' mandate and proposed new shareholders' mandate to enter into recurrent related party transactions ("RRPTs) of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandates took effect on 26 June 2013 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company. The details of the RRPTs conducted during the financial year ended 31 December 2013 pursuant to the shareholders' mandates are disclosed in Note 26 to the Financial Statements.

At the forthcoming Annual General meeting to be held on 23 June 2014, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of revenue or trading nature. The details of the shareholders' mandate to be sought are furnished in the Circular to Shareholders dated 30 May 2014 attached to this Annual Report.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee ("the Committee") was established on 3 October 2004. The members who had served during the financial year ended 31 December 2013 and their respective designations are as follows:

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

II. Ng Wai Pin
Member, Independent Non-Executive Director

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

ATTENDANCE OF MEETINGS

The Audit Committee met seven (7) times during the financial year ended 31 December 2013. The details of attendance of each member at the meetings were as follows:-

Name of Audit Committee Members	Attendance at meeting	Percentage of attendance (%)
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	7/7	100
Ng Wai Pin	7/7	100
Tan Poh Ling	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. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

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

- he 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.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (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 ("Main LR"), 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 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;

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

Responsibilities and Duties (continued)

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

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:-

- any changes in 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, Main LR 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 Main LR 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.

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 Finance Director, representatives of the internal and external auditors shall normally attend meetings. Other board members may attend the Audit Committee Meeting upon the invitation of the Audit Committee. By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular Audit Committee meeting specific to the relevant meeting.

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 2013 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 Main LR, 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 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;

iii. reviewed the external auditors' fees, scope of work and audit 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;

iv. discussion 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 judgement 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 Company, 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 related party transactions entered into by the Company and the Group for compliance with the Main LR; and

xi. 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 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.

The internal audit fee incurred for the financial year ended 31 December 2013 was RM20,000.

INTRODUCTION

The Board of Euro Holdings Berhad ("the Board") 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 internal control of the Group during the financial year ended 31 December 2013.

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 of Directors and Senior Management consistently endeavor to maintain an adequate system of internal controls designed to manage risks rather than to eliminate them. The Group has an organization 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 Company 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 Company, 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 Head of Finance, 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.

INTERNAL AUDIT

The outsourced Internal Auditors have 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 auditors 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. 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.

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

INFORMATION AND COMMUNICATION

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors 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 Company.

RISK MANAGEMENT

The Group has an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Group in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group's management system and is every employee's responsibility. The Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholders' value.

CONCLUSION

On the whole, the Board of Directors 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 of Directors 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.

reports and financial statements

for the year ended 31 December 2013

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directors' report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

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
(Loss)/profit net of tax	(1,468)	1,221
(Loss)/profit attributable to:		
Owners of the Company	(1,630)	1,221
Non-controlling interest	162	-
	(1,468)	1,221

DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2013.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

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

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
Lew Fatt Sin
Law Sim Shee
Lew Hin
Teh Hock Toh
Foong Yein Teng
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Pua Kah Ho
Ng Wai Pin
Tan Poh Ling

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 of Directors who held office at the end of the financial year in the shares of the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each in the Company			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Shareholdings in the name of the Directors:				
Dato' Sri Mohd Haniff Bin Abd Aziz	12,150,000	-	-	12,150,000
Lew Fatt Sin	14,558,851	-	-	14,558,851
Law Sim Shee	5,594,596	-	-	5,594,596
Lew Hin	357,840	-	-	357,840
Teh Hock Toh	2,302,101	-	-	2,302,101
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	8,410,000	-	-	8,410,000

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, Lew Fatt Sin, Law Sim Shee and Dato' Sri Choong Yuen Keong @ Tong Yuen Keong are deemed to have interests in the shares of all the subsidiaries to the extent the Company has an interest.

No other Directors in office at the end of the financial year held any interest in the shares of the Company and its related companies.

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 companies 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 companies, 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.

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.

OTHER STATUTORY INFORMATION (continued)

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 its 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 35 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 23 April 2014.

Lew Fatt Sin
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, Lew Fatt Sin 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 41 to 88 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 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 36 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 23 April 2014.

Lew Fatt Sin
Director

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Director

Subang Jaya

statutory declaration

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

I, Foong Yein Teng, being the Director primarily responsible for the financial management of Euro Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 88 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 Foong Yein Teng at Puchong in the state of Selangor on 23 April 2014.

Foong Yein Teng
Director

Before me,

PESURUHJAYA SUMPAH
No:. B195
Nama: NG SAY JIN
MALAYSIA

No. C-2-45, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong, Selangor

independent auditors' report
to the members of euro holdings berhad

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 2013 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 41 to 88.

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 of 31 December 2013 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.

(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 36 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. 2376/05/14 (J)
Partner

Subang Jaya
23 April 2014

consolidated statement of financial position

as at 31 December 2013

GROUP	Note	2013 RM'000	2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	63,343	64,511
Land held for development	8	9,043	8,514
Deferred tax assets	9	1,192	2,351
		73,578	75,376
Current assets			
Inventories	10	15,324	15,810
Trade receivables	11	29,263	30,391
Other receivables, deposits and prepayments	12	1,444	1,457
Tax recoverable		738	1,381
Forward exchange contracts	13	-	34
Fixed deposits with licensed financial institutions	14	754	748
Short term funds	15	122	118
Cash and bank balances		2,716	3,744
		50,361	53,683
TOTAL ASSETS		123,939	129,059
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	16	40,500	40,500
Share premium		3,844	3,844
Retained earnings	17	22,016	23,546
		66,360	67,890
Non-controlling interest		141	-
TOTAL EQUITY		66,501	67,890
Non-current liabilities			
Borrowings	18	16,236	17,516
		16,236	17,516
Current liabilities			
Trade payables	19	12,989	13,643
Other payables and accruals	20	6,212	5,934
Borrowings	18	21,825	24,011
Provision for taxation		106	65
Forward exchange contracts	13	70	-
		41,202	43,653
TOTAL LIABILITIES		57,438	61,169
TOTAL EQUITY AND LIABILITIES		123,939	129,059

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

statement of financial position

as at 31 December 2013

COMPANY	Note	2013 RM'000	2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	404	474
Investment in subsidiaries	7	46,675	45,889
		47,079	46,363
Current assets			
Other receivables, deposits and prepayments	12	17	17
Tax recoverable		382	291
Short term funds	15	69	67
Cash and bank balances		385	91
		853	466
TOTAL ASSETS		47,932	46,829
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	16	40,500	40,500
Share premium		3,844	3,844
Retained earnings	17	3,408	2,187
TOTAL EQUITY		47,752	46,531
Non-current liabilities			
Borrowings	18	57	150
Deferred tax liabilities	9	8	7
		65	157
Current liabilities			
Other payables and accruals	20	22	53
Borrowings	18	93	88
		115	141
TOTAL LIABILITIES		180	298
TOTAL EQUITY AND LIABILITIES		47,932	46,829

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

statements of comprehensive income

for the year ended 31 December 2013

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Revenue	21	97,215	103,172	2,336	1,000
Cost of sales		(74,127)	(76,631)	-	-
Gross profit		23,088	26,541	2,336	1,000
Other operating income		1,095	511	2	2
Selling and distribution expenses		(10,710)	(11,837)	-	-
Administrative expenses		(11,168)	(10,718)	(613)	(582)
Profit from operations		2,305	4,497	1,725	420
Finance costs		(2,184)	(2,397)	(11)	(16)
Profit before taxation	22	121	2,100	1,714	404
Taxation	24	(1,589)	(628)	(493)	(168)
(Loss)/profit for the year		(1,468)	1,472	1,221	236
Attributable to:					
Owners of the Company		(1,630)	1,472	1,221	236
Non-controlling interest		162	-	-	-
		(1,468)	1,472	1,221	236
Earnings per share attributable to equity holders of the Company (sen)	25	(2.01)	1.82	-	-

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

consolidated statement of changes in equity
for the year ended 31 December 2013

	Note	-----Non distributable-----		Distributable			
		Share capital	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP							
At 1 January 2013		40,500	3,844	23,546	67,890	-	67,890
Loss for the year		-	-	(1,630)	(1,630)	162	(1,468)
		40,500	3,844	21,916	66,260	162	66,422
Transaction with owners:							
Movement in interest in subsidiaries	35	-	-	100	100	(21)	79
		-	-	100	100	(21)	79
At 31 December 2013		40,500	3,844	22,016	66,360	141	66,501
At 1 January 2012		40,500	3,844	22, 074	66,418	-	66,418
Profit for the year		-	-	1,472	1,472	-	1,472
At 31 December 2012		40,500	3,844	23,546	67,890	-	67,890

statement of changes in equity
for the year ended 31 December 2013

	-----Non distributable-----		Distributable	
	Share capital	Share premium	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
COMPANY				
At 1 January 2013	40,500	3,844	2,187	46,531
Profit for the year	-	-	1,221	1,221
At 31 December 2013	40,500	3,844	3,408	47,752
At 1 January 2012	40,500	3,844	1,951	46,295
Profit for the year	-	-	236	236
At 31 December 2012	40,500	3,844	2,187	46,531

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

statements of cash flows

for the year ended 31 December 2013

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Cash flows from operating activities					
Profit before taxation		121	2,100	1,714	404
Adjustments for:					
Allowance for doubtful debts		244	735	-	-
Bad debts written off		-	598	-	-
Depreciation of property, plant and equipment		5,277	5,180	70	70
Dividend income		-	-	(2,336)	(1,000)
Loss on forward exchange contracts		104	4	-	-
Gain on disposal of property, plant and equipment		(274)	(18)	-	-
Interest expenses		1,931	2,119	11	16
Interest income		(12)	(26)	(2)	(2)
Property, plant and equipment written off		-	12	-	-
Unrealised gain on foreign exchange		(194)	(45)	-	-
Operating profit/(loss) before working capital changes		7,197	10,659	(543)	(512)
Decrease/(increase) in inventories		486	(67)	-	-
Decrease/(increase) in trade and other receivables		1,260	1,403	(786)	(174)
(Decrease)/increase in trade and other payables		(2,252)	(5,783)	(31)	2
Cash generated from/(used in) operations		6,691	6,212	(1,360)	(684)
Land held for development		(529)	(530)	-	-
Tax paid		(318)	(690)	-	(1)
Tax refunded		572	184	1	-
Cash generated from/(used in) operating activities		6,416	5,176	(1,359)	(685)
Cash flows from investing activities					
Purchase of property, plant and equipment	29	(1,995)	(1,490)	-	-
Dividends received		-	-	1,752	750
Interest received		12	26	2	2
Proceeds from disposal of property, plant and equipment		686	58	-	-
Net cash (used in)/generated from investing activities		(1,297)	(1,406)	1,754	752

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

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Cash flows from financing activities					
Drawdown of term loan		-	554	-	-
Fixed deposits pledged		(6)	(506)	-	-
Interest paid		(1,931)	(2,119)	(11)	(16)
Proceeds from issuance of shares to non-controlling interest	35	80	-	-	-
Repayment of finance lease liabilities		(1,994)	(2,287)	(88)	(83)
Repayment of term loan		(1,774)	(1,658)	-	-
Net cash used in financing activities		(5,625)	(6,016)	(99)	(99)
Net (decrease)/increase in cash and cash equivalents		(506)	(2,246)	296	(32)
Cash and cash equivalents at beginning of the year		(8,528)	(6,282)	158	190
Cash and cash equivalents at end of the year		(9,034)	(8,528)	454	158
Cash and cash equivalents comprise:					
Cash and bank balances		2,716	3,744	385	91
Short term funds		122	118	69	67
Fixed deposits with licensed financial institutions		754	748	-	-
Bank overdrafts		(11,872)	(12,390)	-	-
		(8,280)	(7,780)	454	158
Less: Fixed deposits pledged		(754)	(748)	-	-
		(9,034)	(8,528)	454	158
The currency exposure profile of cash and bank balances is as follows:					
Ringgit Malaysia		2,479	2,899	385	91
United States Dollar		234	842	-	-
Others		3	3	-	-
		2,716	3,744	385	91

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 1603, 16th Floor, Wisma Lim Foo Yong, 86, Jalan Raja Chulan, 50200 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 year were 729 (2012: 664) and NIL (2012: NIL) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance 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 statement of financial position date. 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 purchase method. The purchase 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

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.

(b) Subsidiaries

Subsidiaries are those companies in 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 controls another entity.

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 has an indefinite useful life and is therefore not depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

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%

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.

(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 transferred to property development costs (under current assets) when development activities have commenced.

ii Property development costs

Property development costs 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. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 leases 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 leases 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Payables

Payables are stated at cost, 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.

(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 on 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax (continued)

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.

(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 and 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 and the amount of the revenue can be measured reliably.

i Sale of goods

Revenue is recognised net of sales taxes (if any) and upon transfer of significant risks and rewards of ownership to the buyer.

ii 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.

iii Rental income

Rental income is recognised on an accrual basis.

iv Dividend income

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

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:

	2013 RM	2012 RM
1 Euro (EUR)	4.540	4.053
1 Singapore Dollar (SGD)	2.595	2.504
1 United States Dollar (USD)	3.289	3.063
1 Sterling Pound (GBP)	5.420	4.951

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.

An impairment loss for an asset 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 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 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' are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets (continued)

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.

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 preceeding 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 is 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 ‘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.

notes to the financial statements (continued)

for the year ended 31 December 2013

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, 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 become 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets (continued)

vii Impairment of financial assets (continued)

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 similar financial assets. Such impairment losses are not reversed.

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 designed 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) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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 statements of financial position of the Group in the current and previous financial year ends.

(v) 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 28, 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 1 January 2013:

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

The following new and revised MFRSs issued by the MASB, effective for financial year of the Group beginning 1 January 2013, have been adopted, but the adoptions do not have any significant impact on the financial statements:

MFRS 10:	Consolidated Financial Statements
MFRS 11:	Joint Arrangements
MFRS 12:	Disclosure of Interests in Other Entities
MFRS 13:	Fair Value Measurement
Amendment to MFRS 1:	Government Loans
Amendment to MFRS 7:	Financial Instruments: Disclosures
Amendment to MFRS 7:	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 9:	Financial Instruments
Amendment to MFRS 10:	Consolidated Financial Statements
Amendment to MFRS 11:	Joint Arrangements
Amendment to MFRS 12:	Disclosure of Interest in Other Entities: Transition Guidance
Amendment to MFRS 101:	Presentation of Financial Statements
Amendment to MFRS 116:	Property, Plant and Equipment
Amendment to MFRS 119:	Employee Benefits
Amendment to MFRS 127:	Separate Financial Statements
Amendment to MFRS 128:	Investment in Associates and Joint Ventures
Amendment to MFRS 132:	Financial Instruments: Presentation
Amendment to MFRS 134:	Interim Financial Reporting

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

MFRSs that have been issued and effective which do not have any significant impact on these financial statements (continued)

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IC Interpretation 112 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is control. In addition, MFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in MFRS 10 to deal with complex scenarios.

MFRS 11 replaces MFRS 131 Interests in Joint Ventures. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control shall be classified. IC Interpretation 113 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method or proportionate consolidation accounting.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. MFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards.

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant changes relate to the accounting for defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

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

MFRSs that have been issued but not effective

The following revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2014 have not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

Amendment to MFRS 10:	Consolidated Financial Statements
Amendment to MFRS 12:	Disclosure of Interest in Other Entities
Amendment to MFRS 127:	Separate Financial Statements
Amendment to MFRS 132:	Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 136:	Recoverable Amount Disclosures for Non-Financial Assets
Amendment to MFRS 139:	Novation of Derivatives and Continuation of Hedge Accounting

The following new MFRS issued by the MASB, effective for financial periods beginning on or after 1 January 2015, has not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

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.

MFRS that affects the reported results and/or financial position

The following revised MFRS issued by the MASB, effective for financial periods beginning on or after 1 July 2012, has been adopted by the Group during the financial year beginning 1 January 2013:

Amendment to MFRS 101:	Presentation of Financial Statements

The amendment to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are branched into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

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.

(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 debts 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 company.

(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.

5. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Key Sources of Estimation Uncertainty (continued)

(g) Contingent liabilities

As disclosed in Note 32, 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.

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 2013	9,204	35,556	257	264	45,281
Additions	-	70	10	61	141
Disposals	-	-	-	-	-
Depreciation charge	-	(813)	(51)	(58)	(922)
At 31 December 2013	9,204	34,813	216	267	44,500
At 31 December 2013					
Cost	9,204	40,697	1,775	1,075	52,751
Accumulated depreciation	-	(5,884)	(1,559)	(808)	(8,251)
Carrying amount	9,204	34,813	216	267	44,500
At 31 December 2012					
Cost	9,204	40,627	1,768	1,090	52,689
Accumulated depreciation	-	(5,071)	(1,511)	(826)	(7,408)
Carrying amount	9,204	35,556	257	264	45,281
Depreciation – 2012	-	812	58	61	931

GROUP	Balance brought forward RM'000	Plant, machinery and tools RM'000	Moulds RM'000	Electrical installation RM'000	Balance carried forward RM'000
Carrying amount					
At 1 January 2013	45,281	14,733	930	159	61,103
Additions	141	1,278	625	75	2,119
Disposals	-	(12)	-	-	(12)
Depreciation charge	(922)	(2,750)	(533)	(42)	(4,247)
At 31 December 2013	44,500	13,249	1,022	192	58,963
At 31 December 2013					
Cost	52,751	32,996	10,061	409	96,217
Accumulated depreciation	(8,251)	(19,747)	(9,039)	(217)	(37,254)
Carrying amount	44,500	13,249	1,022	192	58,963
At 31 December 2012					
Cost	52,689	32,285	9,488	334	94,796
Accumulated depreciation	(7,408)	(17,552)	(8,558)	(175)	(33,693)
Carrying amount	45,281	14,733	930	159	61,103
Depreciation – 2012	931	2,715	604	40	4,290

6. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	Balance brought forward RM'000	Computers RM'000	Signboards RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount						
At 1 January 2013	61,103	575	4	51	2,778	64,511
Additions	2,119	438	-	34	1,930	4,521
Disposals	(12)	-	-	-	(400)	(412)
Depreciation charge	(4,247)	(244)	(1)	(17)	(768)	(5,277)
At 31 December 2013	58,963	769	3	68	3,540	63,343
At 31 December 2013						
Cost	96,217	2,983	17	242	5,955	105,414
Accumulated depreciation	(37,254)	(2,214)	(14)	(174)	(2,415)	(42,071)
Carrying amount	58,963	769	3	68	3,540	63,343
At 31 December 2012						
Cost	94,796	2,545	17	208	6,538	104,104
Accumulated depreciation	(33,693)	(1,970)	(13)	(157)	(3,760)	(39,593)
Carrying amount	61,103	575	4	51	2,778	64,511
Depreciation – 2012	4,290	229	1	17	643	5,180

COMPANY	Motor vehicles RM'000
At cost:	
Carrying amount	
At 1 January 2013	474
Depreciation charge	(70)
At 31 December 2013	404
At 31 December 2013	
Cost	649
Accumulated depreciation	(245)
Carrying amount	404
At 31 December 2012	
Cost	649
Accumulated depreciation	(175)
Carrying amount	474
Depreciation - 2012	70

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The carrying amounts of property, plant and equipment charged to bank for credit facilities granted to the Group are as follows:-

	GROUP 2013 RM'000	GROUP 2012 RM'000
Freehold land	9,204	9,204
Freehold buildings	34,813	35,556
	44,017	44,760

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

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Plant and machinery	4,522	6,699	-	-
Motor vehicles	3,381	2,499	404	474
	7,903	9,198	404	474

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

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Plant and machinery	992	2,614	-	-
Motor vehicles	1,930	941	-	-
	2,922	3,555	-	-

7. INVESTMENT IN SUBSIDIARIES

	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Unquoted shares, at cost		
At 1 January/ 31 December	24,448	24,448
Amount due from subsidiaries	22,227	21,441
	46,675	45,889

7. INVESTMENT IN SUBSIDIARIES (continued)

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		Principal activities
	2013	2012	
	%	%	
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, furniture 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	100.00	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	
	2013	2012
	RM'000	RM'000
Freehold land and other costs		
At beginning of the year	8,514	7,984
Additions	529	530
At end of the year	9,043	8,514

Included in the freehold land and other costs are interest expenses capitalised during the year amounting to RM390,551 (2012: RM386,591).

9. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
At 1 January	2,351	2,914	(7)	-
Recognised in the statements of comprehensive income (Note 24)	(1,159)	(563)	(1)	(7)
At 31 December	1,192	2,351	(8)	(7)
Presented after appropriate offsetting as follows:				
Deferred tax assets	4,618	5,780	-	-
Deferred tax liabilities	(3,426)	(3,429)	(8)	(7)
	1,192	2,351	(8)	(7)

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:

	Unutilised reinvestment allowances RM'000	Other deductible temporary differences RM'000	Unutilised tax losses and capital allowances RM'000	Total RM'000
At 1 January 2013	2,962	283	2,535	5,780
Recognised in the statements of comprehensive income				
- current year	(1,306)	59	105	(1,142)
- (over)/underprovision in prior years	(65)	(36)	81	(20)
At 31 December 2013	1,591	306	2,721	4,618
At 1 January 2012	2,457	180	3,746	6,383
Recognised in the statements of comprehensive income				
- current year	422	52	(1,111)	(637)
- under/(over)provision in prior years	83	51	(100)	34
At 31 December 2012	2,962	283	2,535	5,780

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

Deferred tax liabilities:

	Excess of capital allowances over depreciation	
	GROUP	COMPANY
	RM'000	RM'000
At 1 January 2013	(3,429)	(7)
Recognised in the statements of comprehensive income		
- current year	(19)	(1)
- overprovision in prior years	22	-
At 31 December 2013	(3,426)	(8)
At 1 January 2012	(3,469)	-
Recognised in the statements of comprehensive income		
- current year	81	(1)
- underprovision in prior years	(41)	(6)
At 31 December 2012	(3,429)	(7)

10. INVENTORIES

	GROUP	
	2013	2012
	RM'000	RM'000
At cost:		
Raw materials	10,131	10,765
Work-in-progress	3,483	2,834
Finished goods	1,710	2,211
	15,324	15,810

11. TRADE RECEIVABLES

	GROUP	
	2013	2012
	RM'000	RM'000
Trade receivables	31,543	32,429
Less: Allowance for doubtful debts	(2,280)	(2,038)
	29,263	30,391

11. TRADE RECEIVABLES (continued)

The normal trade credit terms granted to customers ranged from 30 to 90 (2012: 30 to 90) days.

The ageing of trade receivables is as follows:

	GROUP 2013 RM'000	GROUP 2012 RM'000
Neither past due nor impaired	12,465	14,964
Past due, not impaired		
- 1 to 60 days past due, not impaired	7,467	7,535
- 61 to 120 days past due, not impaired	4,440	4,022
- 121 to 150 days past due, not impaired	1,338	648
- more than 150 days past due, not impaired	3,553	3,222
	16,798	15,427
Past due and impaired	2,280	2,038
	31,543	32,429

The Group has trade receivables amounting to RM16,797,774 (2012: RM15,427,542) that are past due but not impaired as there were no significant changes in the credit quality, and the management is confident that the remaining receivables are recoverable as these accounts comprised mainly project related sales which are categorised as creditworthy customers.

The currency exposure profile of trade receivables is as follows:

	GROUP 2013 RM'000	GROUP 2012 RM'000
Ringgit Malaysia	20,237	15,852
United States Dollar	4,917	8,956
Singapore Dollar	2,546	4,710
Euro	885	401
Sterling Pound	678	472
	29,263	30,391

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Other receivables	237	141	-	-
Deposits	331	413	-	-
Prepayments	876	903	17	17
	1,444	1,457	17	17

13. FORWARD EXCHANGE CONTRACTS

	2013 RM'000			2012 RM'000		
	Contract notional amount	Assets	Liabilities	Contract notional amount	Assets	Liabilities
Non-hedging derivatives						
Current:						
Forward currency contracts	6,709	-	70	3,558	34	-

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, EUR and SGD for which firm commitments existed at the reporting date, extending to June 2014 (2012: June 2013).

During the financial year, the Group's recognised a loss of RM103,788 (2012: RM4,032) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

14. FIXED DEPOSITS WITH LICENCED 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 2013 have a maturity period ranging from 3 to 8 (2012: 3 to 8) months, bear interest at rates ranging from 2.55% to 3.00% (2012: 2.55% to 3.00%) per annum.

15. SHORT TERM FUNDS

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Redeemable at call	96	93	43	42
Redeemable upon 7-day notice	26	25	26	25
	122	118	69	67

The short term funds represent placements in fixed income trusts with licensed financial institutions, incorporated in Malaysia and bear interest at the rates ranging from 2.11% to 2.80% (2012: 2.07% to 3.05%).

16. SHARE CAPITAL

	GROUP AND COMPANY			
	2013 '000 Unit	2012 '000 Unit	2013 RM'000	2012 RM'000
Authorised ordinary shares of RM0.50 each				
At beginning/end of the year	100,000	100,000	50,000	50,000
Issued and fully paid ordinary shares of RM0.50 each				
At beginning/end of the year	81,000	81,000	40,500	40,500

17. RETAINED EARNINGS

Effective 1 January 2008, the Company is given an irrevocable option to elect for the single tier tax system or to continue to use its tax credits under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution during the transitional period of up to 6 years until 31 December 2013. Under this single tier system, tax on the Company's profit is a final tax, and dividends distributed are not taxable in the hands of the shareholders.

18. BORROWINGS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current				
Bank overdrafts (secured)	11,872	12,390	-	-
Bills payable (secured)	6,298	8,004	-	-
Finance lease liabilities	1,769	1,855	93	88
Term loans (secured)	1,886	1,762	-	-
	21,825	24,011	93	88
Non-current				
Finance lease liabilities	3,732	3,114	57	150
Term loans (secured)	12,504	14,402	-	-
	16,236	17,516	57	150
	38,061	41,527	150	238
Total borrowings				
Bank overdrafts (secured)	11,872	12,390	-	-
Bills payable (secured)	6,298	8,004	-	-
Finance lease liabilities	5,501	4,969	150	238
Term loans (secured)	14,390	16,164	-	-
	38,061	41,527	150	238

The effective interest rates incurred during the financial year for borrowings ranged from 2.28% to 8.15% (2012: 1.98% to 8.35%) 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) Land and building of related parties;

(c) All monies facility agreements;

(d) Fixed deposits of RM754,157 (2012: RM747,815) of the Group as disclosed in Note 14;

(e) Personal guarantee and indemnity by certain Directors; and

(f) Corporate guarantee by the Company.

18. BORROWINGS (continued)

Terms of repayment of bank borrowings are as follows:

(a)	Bank overdrafts	: Repayable on demand
(b)	Bills payable	: 30 to 150 days
(c)	Term loans	: 10 to 14 years from drawdown date

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Finance lease liabilities				
Minimum lease payments				
- not later than 1 year	2,024	2,094	99	99
- later than 1 year and not later than 2 years	1,521	1,418	58	99
- later than 2 years and not later than 5 years	2,504	1,959	-	57
	6,049	5,471	157	255
Less : Future finance charges on finance lease	(548)	(502)	(7)	(17)
Present value of finance lease liabilities	5,501	4,969	150	238
Present value of finance lease liabilities				
- not later than 1 year	1,769	1,855	93	88
- later than 1 year and not later than 2 years	1,360	1,274	57	93
- later than 2 years and not later than 5 years	2,372	1,840	-	57
	5,501	4,969	150	238

	GROUP	
	2013	2012
	RM'000	RM'000
Term loans		
Repayment terms		
- not later than 1 year	1,886	1,762
- later than 1 year and not later than 2 years	1,923	1,885
- later than 2 years and not later than 5 years	4,522	4,961
- later than 5 years	6,059	7,556
	14,390	16,164

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2012: 30 to 90) days.

The currency exposure profile of trade payables is as follows:

	GROUP	
	2013	2012
	RM'000	RM'000
Ringgit Malaysia	12,716	13,414
United States Dollar	273	229
	12,989	13,643

20. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Sundry payables	3,504	3,605	-	-
Deposits received from customers	1,561	1,274	-	-
Amount due to Directors	10	35	-	15
Accruals	1,137	1,020	22	38
	6,212	5,934	22	53

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

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

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	4,098	3,929	22	53
United States Dollar	2,112	2,002	-	-
Euro	2	3	-	-
	6,212	5,934	22	53

21. REVENUE

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

Company
Revenue represents dividend income received and receivable.

22. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging:				
Allowance for doubtful debts	244	735	-	-
Auditors' remuneration	94	94	20	20
Bad debts written off	-	598	-	-
Depreciation of property, plant and equipment	5,277	5,180	70	70
Finance cost:				
- Bank overdraft interest	262	244	-	-
- Bills payable interest	330	395	-	-
- Finance lease interest	280	307	11	16
- Term loan interest	1,059	1,173	-	-
- Bank charges	253	278	-	-
Loss on forward exchange contracts	104	4	-	-
Property, plant and equipment written off	-	12	-	-
Rental of forklifts	277	290	-	-
Rental of equipment	13	17	-	-
Rental of premises	163	198	-	-
Staff costs (Note 23)	21,377	19,967	268	264
and crediting:				
Bad debts recovered	2	-	-	-
Dividend income	-	-	2,336	1,000
Gain on disposal of property, plant and equipment	274	18	-	-
Interest income	12	26	2	2
Realised foreign exchange gain	554	382	-	-
Unrealised foreign exchange gain	194	45	-	-

notes to the financial statements (continued)
for the year ended 31 December 2013

23. STAFF COSTS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Salaries, wages, allowances, overtime, bonus and fees	18,625	17,156	247	242
Employees Provident Fund	1,377	1,296	21	22
Social security contributions	137	128	-	-
Other staff related expenses	1,238	1,387	-	-
	21,377	19,967	268	264

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

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Directors				
Salaries, allowances and bonus	1,807	1,757	42	32
Fees	205	210	205	210
Employees Provident Fund	233	229	21	22
Social security contributions	1	1	-	-
Other emoluments	168	168	-	-
	2,414	2,365	268	264
Estimated monetary value of other benefits received by the Directors	137	125	28	28
Senior management				
Salaries, allowances and bonus	1,364	1,289	-	-
Employees Provident Fund	128	129	-	-
Social security contributions	5	5	-	-
Benefits-in-kind	29	35	-	-
	1,526	1,458	-	-

24. TAXATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current year	707	56	494	162
- (Over)/underprovision in prior years	(277)	9	(2)	(1)
	430	65	492	161
Deferred tax (Note 9)				
- Related to origination and reversal of temporary differences	1,161	556	1	1
- (Over)/underprovision in prior years	(2)	7	-	6
	1,159	563	1	7
	1,589	628	493	168

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	121	2,100	1,714	404
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	30	525	429	101
Tax effects of:				
- income not subject to tax	(4)	(16)	-	-
- expenses not deductible for tax purposes	346	479	66	62
- tax incentives from double tax deduction	(43)	(38)	-	-
- deferred tax assets arising from current year not recognised	413	354	-	-
- utilisation of deferred tax assets not recognised previously	(49)	(692)	-	-
- derecognition of deferred tax assets recognised previously	1,175	-	-	-
(Over)/underprovision of income tax in prior years	(277)	9	(2)	(1)
(Over)/underprovision of deferred tax in prior years	(2)	7	-	6
Tax expense for the year	1,589	628	493	168

24. TAXATION (continued)

Subject to agreement with the Inland Revenue Board, the Group has unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances amounting to approximately RM5,348,000 (2012: RM5,955,000), RM6,759,000 (2012: RM4,875,000) and RM24,913,000 (2012: RM24,298,000) respectively for set off against future chargeable income.

Deferred tax assets arising from these unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances amounting to approximately RM5,172,000 (2012: RM3,465,000) 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 unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances.

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the (loss)/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	
	2013	2012
Consolidated (loss)/profit for the year attributable to equity holders of the Company (RM'000)	(1,630)	1,472
Weighted average number of shares of RM0.50 each ('000)	81,000	81,000
Basic earnings per share (sen)	(2.01)	1.82

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.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	GROUP	
	2013	2012
	RM'000	RM'000
Rental charged by a company in which certain Directors have interests		
Euro Chairs Manufacturer (M) Sdn. Bhd.	-	22
Euro Space Industries (M) Sdn. Bhd.	-	11
Euroland & Development Sdn. Bhd.	48	24

	GROUP	
	2013	2012
	RM'000	RM'000
Subcontractor fees charged by Directors or persons connected to Directors		
Euro Space Industries (M) Sdn. Bhd.	222	308

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.

27. 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.

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 variable 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 borrowing which are not hedged. The following analysis shows the Group's sensitivity to interest rate exposure.

	(Increase)/ decrease in the Group's results 2013 RM'000	(Increase)/ decrease in the Group's results 2012 RM'000
Effects on profit before taxation:		
25 basis points	64	64
50 basis points	128	128
75 basis points	192	192
100 basis points	256	256

(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.

27. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(b) Credit risk (continued)

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 of the Head of Credit Control. Since the Group trades only with recognised and creditworthy 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 counterparty, 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 amounts owing by two major customers which constituted 22% (2012: 35%) 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	
	2013	2012
	RM'000	RM'000
Domestic	20,368	15,825
Singapore	2,546	4,726
Europe	1,563	1,266
Middle East	1,046	216
Indonesia	1,040	110
India	992	458
Bangladesh	179	5,991
Others	1,529	1,799
	29,263	30,391

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, Euro and Sterling Pound.

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.

27. 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 2013 RM'000	(Increase)/ decrease in the Group's results 2012 RM'000
Effects on profit before taxation:		
USD		
- strengthened by 5% (2012: 5%)	138	378
- weakened by 5% (2012: 5%)	(138)	(378)
SGD:		
- strengthened by 5% (2012: 5%)	127	236
- weakened by 5% (2012: 5%)	(127)	(236)
EURO:		
- strengthened by 5% (2012: 5%)	44	20
- weakened by 5% (2012: 5%)	(44)	(20)
GBP:		
- strengthened by 5% (2012: 5%)	34	24
- weakened by 5% (2012: 5%)	(34)	(24)

(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.

27. 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total borrowings	38,061	41,527	150	238
Less: Deposits, cash and bank balances	(3,592)	(4,610)	(454)	(158)
Net debt	34,469	36,917	(304)	80
Total equity	66,501	67,890	47,752	46,531
Debt-to-equity	51.83%	54.38%	Not Applicable	0.17%

28. 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.

For the financial year ended 31 December 2013, the Group's financial information is analysed by operating segments as follows:

	Manufacturing	Property	Investment holding	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2013					
Revenue					
Local	42,992	-	2,336	(2,336)	42,992
Exports	54,223	-	-	-	54,223
	97,215	-	2,336	(2,336)	97,215
Results					
Segment results	3,353	(437)	1,725	(2,336)	2,305
Finance costs	(2,173)	-	(11)	-	(2,184)
Profit/(loss) before taxation	1,180	(437)	1,714	(2,336)	121
Taxation	(1,680)	-	(493)	584	(1,589)
(Loss)/profit after taxation	(500)	(437)	1,221	(1,752)	(1,468)
Net assets/ (liabilities) as at 31 December 2013	43,674	(446)	47,752	(24,479)	66,501

28. SEGMENT REPORTING (continued)

	Manufacturing RM'000	Property RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
2012					
Revenue					
Local	34,599	-	1,000	(1,000)	34,599
Exports	68,573	-	-	-	68,573
	103,172	-	1,000	(1,000)	103,172
Results					
Segment results	5,442	(365)	420	(1,000)	4,497
Finance costs	(2,380)	(1)	(16)	-	(2,397)
Profit/(loss) before taxation	3,062	(366)	404	(1,000)	2,100
Taxation	(710)	-	(168)	250	(628)
Profit/(loss) after taxation	2,352	(366)	236	(750)	1,472
Net assets/ (liabilities) as at 31 December 2012	45,910	(10)	46,531	(24,541)	67,890

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	GROUP 2013 RM'000	GROUP 2012 RM'000
Cash payments	1,995	1,490
Finance lease arrangements	2,526	3,182
	4,521	4,672

30. NON-CANCELLABLE CONTRACTS

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

	GROUP 2013 RM'000	GROUP 2012 RM'000
As lessee		
Future minimum lease payments		
- not later than 1 year	131	115
- later than 1 year and not later than 2 years	75	63
- later than 2 years and not later than 5 years	20	33
	226	211

31. CAPITAL COMMITMENTS

	GROUP	
	2013	2012
	RM'000	RM'000
Capital expenditure		
Approved and contracted but not provided for:		
- Plant and machinery and moulds	87	-
- Others	2	2
	89	2

32. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Unsecured				
Corporate guarantees given to financial institutions in respect of credit facilities granted to subsidiaries	-	-	85,763	84,826

33. 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]

33. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

GROUP	Carrying amount RM'000	L&R RM'000	FVTPL RM'000	OFL RM'000
2013				
Non-derivative financial assets				
Trade receivables	29,263	29,263	-	-
Other receivables and deposits	568	568	-	-
Fixed deposits with licensed financial institutions	754	754	-	-
Short term funds	122	122	-	-
Cash and bank balances	2,716	2,716	-	-
	33,423	33,423	-	-
Non-derivative financial liabilities				
Trade payables	12,989	-	-	12,989
Other payables and accruals	6,212	-	-	6,212
Finance lease liabilities	5,501	-	-	5,501
Bank borrowings	32,560	-	-	32,560
	57,262	-	-	57,262
Derivative financial liabilities				
Forward exchange contracts	70	-	70	-
2012				
Non-derivative financial assets				
Trade receivables	30,391	30,391	-	-
Other receivables and deposits	554	554	-	-
Fixed deposits with licensed financial institutions	748	748	-	-
Short term funds	118	118	-	-
Cash and bank balances	3,744	3,744	-	-
	35,555	35,555	-	-
Derivative financial assets				
Forward exchange contracts	34	-	34	-
Non-derivative financial liabilities				
Trade payables	13,643	-	-	13,643
Other payables and accruals	5,934	-	-	5,934
Finance lease liabilities	4,969	-	-	4,969
Bank borrowings	36,558	-	-	36,558
	61,104	-	-	61,104

33. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

COMPANY	Carrying amount RM'000	L&R RM'000	OFL RM'000
2013			
Non-derivative financial assets			
Short term funds	69	69	-
Cash and bank balances	385	385	-
	454	454	-
Non-derivative financial liabilities			
Other payables and accruals	22	-	22
Finance lease liabilities	150	-	150
	172	-	172
2012			
Non-derivative financial assets			
Short term funds	67	67	-
Cash and bank balances	91	91	-
	158	158	-
Non-derivative financial liabilities			
Other payables and accruals	53	-	53
Finance lease liabilities	238	-	238
	291	-	291

34. FAIR VALUES OF THE FINANCIAL INSTRUMENTS

The fair values of the financial instruments of the Group and of the Company as at 31 December 2013 are not materially different from their carrying values.

35. SIGNIFICANT EVENT

On 1 March 2013, Eurosteel System Sdn. Bhd., a subsidiary, incorporated in Malaysia, increased its issued and paid up share capital to 330,000 ordinary shares of RM1 each by way of an allotment of 80,000 ordinary shares of RM1 each to a third party. As a result of this allotment, the percentage of shareholdings in Eurosteel System Sdn. Bhd. has been diluted from 100.00% to 75.76%.

36. 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 2013 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.

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Retained earnings				
- realised	40,799	41,151	3,416	2,194
- unrealised	1,347	2,521	(8)	(7)
	42,146	43,672	3,408	2,187
Less: Consolidation adjustments	(20,130)	(20,126)	-	-
Retained earnings as per financial statements	22,016	23,546	3,408	2,187

analysis of shareholdings

as at 22nd April 2014

Authorised Share Capital	: RM50,000,000.00 comprising 100,000,000 ordinary shares of RM0.50 each
Issued and Fully Paid-Up Share Capital	: RM40,500,000.00
Class of Shares	: Ordinary shares of RM0.50 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	5	0.32	277	0.00
100 - 1,000	1,013	63.83	147,102	0.18
1,001 - 10,000	269	16.95	1,601,000	1.98
10,001 - 100,000	227	14.30	9,137,682	11.28
100,001 - 4,049,999	69	4.35	37,004,303	45.68
4,050,000 and above	4	0.25	33,109,636	40.88
Total	1,587	100.00	81,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		No. of Shares held	
No.	Name of Shareholders	Direct Interest	%
1	Dato' Sri Mohd Haniff Bin Abd Aziz	12,150,000	15.00
2	Lew Fatt Sin	14,558,851	17.97
3	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10.38
4	Law Sim Shee	5,594,596	6.91

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		No. of Shares held	
No.	Name of Shareholders	Direct Interest	%
1	Dato' Sri Mohd Haniff Bin Abd Aziz	12,150,000	15.00
2	Lew Fatt Sin	14,558,851	17.97
3	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10.38
4	Law Sim Shee	5,594,596	6.91
5	Lew Hin	357,840	0.44
6	Teh Hock Toh	2,302,101	2.84

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	10,140,785	12.52
2	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10.38
3	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	7,558,851	9.33
4	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	7,000,000	8.64
5	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Sim Shee	3,000,000	3.70
6	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Sim Shee	2,500,000	3.09
7	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Teh Hock Toh	2,302,048	2.84
8	NLY Development Sdn Bhd	2,100,900	2.59
9	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	2,009,215	2.48
10	Tew Boo Sing	1,346,500	1.66
11	Pearly Saw Chew Hong	1,250,000	1.54
12	Lim Wan Loo	1,164,800	1.44
13	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hong Teng	1,061,700	1.31
14	Khong Saw Keng	1,015,200	1.25
15	Hii Kuong Jing	976,700	1.21
16	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Lian Hong	773,500	0.96
17	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hong Ket	683,400	0.84
18	Tan Soh Gek	681,100	0.84
19	Ong Bee Khim	668,000	0.83
20	Chan Siew Kuen	665,000	0.82
21	Loh Cheng Fatt	625,000	0.77
22	Oh Seng Hong	609,300	0.75
23	Saw Ban Huat	600,000	0.74
24	Cheah Yit Woon	547,100	0.68
25	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Thoo Wy Kit	545,000	0.67
26	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Ho Ik Sing	536,600	0.66
27	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boo Chuan	515,000	0.64
28	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Poh Tat	500,000	0.62
29	Chang Yew Kwong	491,900	0.61
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pearly Saw Chew Hong	450,000	0.56
		60,727,599	74.97

group properties
as at 31st December 2013

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	A parcel of vacant agriculture land
Land area (sq. ft.)	87,126	82,654	210,101	175,602
Built-up area (sq. ft.)	94,500	63,938	110,000 160,000	-
Approximate age of building/ Tenure	17 years/Freehold	16 years/Freehold	7 years/ Freehold 3 years /Freehold	Freehold
Net book value as at 31 Dec 2013 (RM'000)	5,718	5,162	33,137	9,043
Year of acquisition/ construction/ revaluation	1996 2004#	1997*	2005/2006 2010	2011

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

NOTICE IS HEREBY GIVEN that the Tenth 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 Monday, 23 June 2014 at 10.00 a.m. for the transaction of the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM205,000 for the financial year ended 31 December 2013. **Resolution 2**

3. To re-elect the following Directors who retire pursuant to Article 73 of the Articles of Association of the Company:

   Lew Fatt Sin **Resolution 3**
   Pua Kah Ho **Resolution 4**
   Ng Wai Pin **Resolution 5**
   Datuk Dr Syed Muhamad Bin Syed Abdul Kadir **Resolution 6**

4. To re-appoint Messrs Nexia SSY as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Board of Directors to fix their remuneration. **Resolution 7**

Special Business

5. To consider and if thought fit, to pass the following Resolutions as:

ORDINARY RESOLUTION 1 **Resolution 8**

Authority to issue shares pursuant to section 132D of the Companies Act, 1965

"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."

ORDINARY RESOLUTION 2 **Resolution 9**

Proposed renewal of authority to the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital ("Proposed SBB Renewal")

"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 RM0.50 each ("EURO Shares") in the Company 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 RM4,050,000 comprising 8,100,000 Shares in the Company, representing ten percent (10%) of the total issued and paid-up share capital of the Company;

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."

ORDINARY RESOLUTION 3 **Resolution 10**

Proposed renewal of Shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties ("Proposed RRPT Renewal")

"THAT, pursuant to Paragraph 10.09 Part E of the Listing Requirements of Bursa Securities, EURO and/or its subsidiaries ("EURO Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Paragraph 3.2 of the Circular to Shareholders of EURO dated 30 May 2014 with the related parties mentioned therein which are necessary for the EURO Group's day-to-day operations, subject further to the following:-

i. the transactions are in the ordinary course of business on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

ii. disclosure of the aggregate value of the transactions of the Proposed Renewal of RRPT Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

AND THAT such approval shall continue to be in force 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 will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii. the expiration of the period within which the next AGM of the Company 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 of the Company 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 RRPT Renewal contemplated and/or authorized by this resolution."

notice of annual general meeting (continued)

ORDINARY RESOLUTION 4

Proposed retention of Independent Non-Executive Directors

"THAT, in accordance to the Malaysian Code on Corporate Governance, authority be and is hereby given for the following Directors to be retained as Independent Non-Executive Directors until the conclusion of the next AGM of the Company:

Datuk Syed Muhamad Bin Syed Abdul Kadir	**Resolution 11**
Ng Wai Pin	**Resolution 12**
Pua Kah Ho	**Resolution 13**

6. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD
Tai Keat Chai (MIA 1688)
Company Secretary

Lim Hooi Chin (MAICSA 7025949)
Company Secretary

Kuala Lumpur
Date: 30 May 2014

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.*

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 Tenth AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 17 June 2014. Only a depositor whose name appears on the Record of the Depositor as at 17 June 2014 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 Registered Office of the Company at Suite 1603, 16th Floor, Wisma Lim Foo Yong, No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

5. *Explanatory Notes to Special Business:*

   a. *The proposed Ordinary Resolution 1 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Act, 1965. If passed, it will empower the Directors of the Company, from the conclusion of this Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (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 next Annual General Meeting of the Company, unless revoked or varied at a general meeting.*

      The Company has not issued any new shares under the general authority which was approved at the Ninth Annual General Meeting held on 25 June 2013 and which will lapse at the conclusion of the Tenth AGM to be held on 23 June 2014.

      The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

   b. *The proposed Ordinary Resolution 2, if passed, will give the Directors of the Company the authority to purchase its own ordinary shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. Please refer to the Circular to Shareholders dated 30 May 2014 which is circulated with the 2013 Annual Report for more information.*

   c. *The proposed Ordinary Resolution 3, if passed, will empower the Company and its subsidiaries to conduct recurrent related party transactions of a revenue or trading nature with parties related to the Company. The details of the proposal are set out in the Circular to Shareholders dated 30 May 2014 which is circulated with the 2013 Annual Report.*

   d. *The proposed Ordinary Resolution 4, if passed, will allow Datuk Dr Syed Muhamad Bin Syed Abdul Kadir, Ng Wai Pin and Pua Kah Ho to be retained and continue acting as Independent Non-Executive Directors of the Company in line with the requirements of Paragraph 3.04 of the Main LR and recommendation No 3.2 of the Malaysian Code of Corporate Governance. The full details of the Board's justifications and recommendations for the retention of Datuk Dr Syed Muhamad Bin Syed Abdul Kadir, Ng Wai Pin and Pua Kah Ho are set out on page 18 of the Statement of Governance Statement of the 2013 Annual Report.*

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form of proxy

No. of shares	

I/We_______________________________ I.C. or Company No _______________
(Full name in block letters)

CDS Account No_______________________ of _______________________________
(Full address)

____

being a member/members of EURO HOLDINGS BERHAD hereby appoint _______________________
(Full name in block letters)

I.C. No.___________________________ of _________________________________
(New and old I.C. No.) (Full address)

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Tenth 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 Monday, 23 June 2014 at 10.00 a.m. or at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

		FOR	AGAINST
RESOLUTION 1	Adoption of Reports and Audited Financial Statements for the year ended 31 December 2013		
RESOLUTION 2	Approval of the payment of Directors' fees		
RESOLUTION 3	Re-election of Lew Fatt Sin		
RESOLUTION 4	Re-election of Pua Kah Ho		
RESOLUTION 5	Re-election of Ng Wai Pin		
RESOLUTION 6	Re-election of Datuk Dr Syed Muhamad Bin Syed Abdul Kadir		
RESOLUTION 7	Re-appointment of Auditors		
RESOLUTION 8	Authority to issue shares pursuant to Section 132D of the Companies Act		
RESOLUTION 9	Proposed renewal of authority to the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital		
RESOLUTION 10	Proposed renewal of Shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent party transactions of a revenue or trading nature with related parties		
RESOLUTION 11	Proposed retention of Datuk Dr Syed Muhamad Bin Syed Abdul Kadir as Independent Non-Executive Director of the Company		
RESOLUTION 12	Proposed retention of Ng Wai Pin as Independent Non-Executive Director of the Company		
RESOLUTION 13	Proposed retention of Pua Kah Ho as Independent Non-Executive Director of the Company		

Signed this _________ day of ___________ 2014

____
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.*
2. *Where a member appoints more than a 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.*
4. *To be valid, the proxy form duly completed and signed must be deposited at the Registered Office of the Company at Suite 1603, 16th Floor, Wisma Lim Foo Yong, No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

Fold this flap for sealing

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AFFIX
STAMP

THE COMPANY SECRETARY
EURO HOLDINGS BERHAD (646559-T)
Suite 1603, 16th Floor
Wisma Lim Foo Yong
No. 86 Jalan Raja Chulan
50200 Kuala Lumpur

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inspiration at work

Lot 21 **Wisma Euro**
Lot 15 **EURO II**
Lot 25 **EURO III**

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