

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.08 RM'000	Preceding Year Corresponding Quarter 31.03.07 RM'000 (restated)	Current Year To Date 31.03.08 RM'000	Preceding Year Corresponding Period 31.03.07 RM'000 (restated)
Revenue	28,374	26,569	28,374	26,569
Cost of sales	(20,930)	(20,486)	(20,930)	(20,486)
Gross Profit	<u>7,444</u>	<u>6,083</u>	<u>7,444</u>	<u>6,083</u>
Other Income	64	32	64	32
Operating expenses	(4,969)	(4,589)	(4,969)	(4,589)
Finance costs	(211)	(179)	(211)	(179)
Profit before tax	<u>2,328</u>	<u>1,347</u>	<u>2,328</u>	<u>1,347</u>
Tax expense	(327)	(222)	(327)	(222)
Profit for the period, attributable to Shareholders of the Company	<u>2,001</u>	<u>1,125</u>	<u>2,001</u>	<u>1,125</u>
Earnings per share				
- Basic earnings per share (sen)	<u>2.47</u>	<u>1.39</u>	<u>2.47</u>	<u>1.39</u>

Notes:

The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 64659-T)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008

(The figures have not been audited)

	(Unaudited) As At End of Current Quarter 31.03.08 RM'000	As At End of Preceding Financial Year 31.12.07 RM'000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	46,343	43,139
Prepaid lease payments	2,447	2,452
	<u>48,790</u>	<u>45,591</u>
Current assets		
Inventories	13,244	12,959
Trade receivables	33,938	31,586
Other receivables	1,762	2,245
Asset held for sale	99	99
Tax recoverable	652	885
Fixed deposit	223	219
Short term funds	6,188	7,246
Cash and cash at bank	3,599	1,455
	<u>59,705</u>	<u>56,694</u>
TOTAL ASSETS	<u><u>108,495</u></u>	<u><u>102,285</u></u>
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	27,738	25,737
	<u>72,082</u>	<u>70,081</u>
Non-current liabilities		
Loans and borrowings	7,727	6,709
Deferred taxation	772	803
	<u>8,499</u>	<u>7,512</u>
Current liabilities		
Trade payables	17,361	16,876
Other payables	5,761	6,184
Dividend payable	10	10
Amount due to directors	25	29
Short term borrowings	4,757	1,593
	<u>27,914</u>	<u>24,692</u>
Total liabilities	<u><u>36,413</u></u>	<u><u>32,204</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>108,495</u></u>	<u><u>102,285</u></u>
Net Assets Per Share (RM)	0.89	0.87

Notes:

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the annual financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

(The figures have not been audited)

	Current Year Quarter ended 31.03.08 RM'000	Preceding Year Quarter ended 31.03.07 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,328	1,347
Adjustments for :		
Non-cash items	994	839
Non-operating items	91	87
Operating profit before working capital changes	<u>3,413</u>	<u>2,273</u>
Inventories	(285)	(228)
Trade and other receivables	(1,869)	1,174
Trade and other payables	56	(1,273)
Cash generated from operations	<u>1,315</u>	<u>1,946</u>
Interest received	53	23
Interest paid	(145)	(110)
Tax paid	(124)	(412)
Tax refund	-	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>1,099</u>	<u>1,447</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,103)	(1,188)
Placement of pledged fixed deposits	(3)	(3)
Proceeds on disposal of fixed assets	131	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,975)</u>	<u>(1,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(395)	(253)
Drawdown of hire purchase payables	-	286
Repayment of term loan	(131)	(147)
NET CASH USED IN FINANCING ACTIVITIES	<u>(526)</u>	<u>(114)</u>
Net (decrease) / increase in cash and cash equivalents	(1,402)	142
Cash and cash equivalents at beginning of period	8,701	7,265
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	<u>7,299</u>	<u>7,407</u>

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

Cash and bank balances	3,599	4,720
Fixed deposits	223	212
Short term funds	6,188	2,585
Bank overdrafts	(2,488)	(40)
	<u>7,522</u>	<u>7,477</u>
Less: Fixed deposit pledged to a bank for credit facilities	(223)	(212)
	<u>7,299</u>	<u>7,265</u>

Notes:

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the annual financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

(The figures have not been audited)

	Note	Non Distributable		Distributable	Total
		Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Shareholders' Equity RM'000
At 1 January 2008		40,500	3,844	24,423	68,767
As previously stated					
Effect of adopting FRS 112	A2(a)	-	-	1,314	1,314
At 1 January 2008 (restated)		40,500	3,844	25,737	70,081
Profit for the period		-	-	2,001	2,001
At 31 March 2008		40,500	3,844	27,738	72,082
At 1 January 2007		40,500	3,844	16,993	61,337
As previously stated					
Effect of adopting FRS 112	A2(a)	-	-	2,106	2,106
At 1 January 2007 (restated)		40,500	3,844	19,099	63,443
Profit for the period		-	-	1,125	1,125
At 31 March 2007 (restated)		40,500	3,844	20,224	64,568

Notes:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 64659-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A : EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements have been prepared in accordance with the same accounting policies adopted in 2007 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2008 annual financial statements. Details of these changes in accounting policies are set out in Note A2.

The interim financial statements should be read in conjunction with the annual financial statements of Euro Holdings Berhad ("EURO" or the "Company") for the financial year ended 31 December 2006. The notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiary companies (hereinafter referred to as the "Group") since the financial year ended 31 December 2007. The condensed consolidated interim financial statements and notes thereon however do not include all of the information required for full set of financial statements prepared in accordance with FRSSs.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following revised FRSSs, amendments to FRS and IC interpretations for financial period beginning on 1 January 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net investment in a Foreign Operation
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Right to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2 Share-based Payments

The adoption of the above revised FRSSs, Amendments to FRSSs and IC interpretations do not have significant impact on the Group except f

(a) FRS 112: Income Taxes

The main changes introduced by FRS 112 affecting the Group is on the removal of the relevant provisions in FRS 1122004 which explicitly prohibit the recognition of deferred tax on the reinvestment allowances or other allowances in excess of capital allowance. With the removal, entities can now account for these items as tax credits or investment tax credits.

The adoption of the revised standard will result in a restropective change in the accounting policy relating to the recognition of the potential deffered tax benefits arising from unutilised reinvestment allowances.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

EURO HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS**A3. Comparatives**

The following comparative amounts have been restated due to the adoption of FRS 112 - Income Taxes as mentioned above:

	As previously stated RM'000	Effects on adoption of FRS 112 (Note A2a) RM'000	As restated RM'000
As at 31 December 2007			
Deferred Tax Liabilities	2,117	(1,314)	803
Retained Earnings	24,423	1,314	25,737
Net Assets Per Share (RM)	0.85	0.02	0.87
3 months ended 31 March 2007			
Tax expense - Income Statement	(138)	(84)	(222)
Profit for the period	1,209	(84)	1,125
Basic earnings per share (sen)	1.49	(0.10)	1.39

A4. Material Changes in Estimates

There were no changes in accounting estimates that have a material effect in the current quarter results.

A5. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2007 was not qualified.

A6. Seasonal and Cyclical Factors

Sales have been historically higher in the second half of the year than the first due to increase in projects during that period.

A7. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period ended 31 March 2008.

A8. Issuances and Repayment of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities for the current quarter and financial period ended 31 March 2008.

A9. Dividends Paid

No dividends were paid by the Company in the current quarter and financial period ended 31 March 2008.

A10. Segmental Reporting

Segmental Reporting is not provided as the Group is involved in a single industry segment relating to the manufacturing and trading of office furniture. The operations of the Group are conducted predominantly in Malaysia.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A11. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2007.

A12. Material Events Subsequent to the End of the Interim Period

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

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A14. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the financial period ended 31 March 2008 to 22 May 2008, being a date not earlier than 7 days from the date of this report, save for the following :

	As at 22.05.08 RM'000
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>53,556</u>

A15. Capital Commitments

	As at 31.03.08 RM'000
Moulds and machinery	
Contracted but not provided for	<u>504</u>

EURO HOLDINGS BERHAD

(Company No. 646559-T)

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

	Current Quarter	Preceding Year Corresponding Quarter ended	Current Period ended	Preceding Year Corresponding Period ended
	31.03.08	31.03.07	31.03.08	31.12.07
	RM'Million	RM'Million	RM'Million	RM'Million
Revenue	28.3	26.6	28.3	26.6
Profit before taxation	2.3	1.3	2.3	1.3

The Group recorded revenue of RM 28.3 million for the current quarter ended 31 March 2008, an increase of 6.8% as compared to the revenue achieved of RM 26.6 million in the preceding year's corresponding quarter. There was an increase in projects completed in the domestic market.

The Group achieved higher profit before taxation of RM 2.3 million for the current quarter as the profit margin in the corresponding year's quarter was affected by the significant appreciation of Ringgit against USD during that period and also start-up costs for the newly completed factory then.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.03.08	Preceding Quarter ended 31.12.07
	RM'Million	RM'Million
Revenue	28.3	29.8
Profit before taxation	2.3	2.9

Revenue decreased by RM 1.5 million to RM 28.3 million in the current quarter as compared to RM 29.8 million in the preceding quarter. Whilst there was only a 5% decline in revenue, profit before tax for the quarter decreased by 21% due to higher material costs, in line with the upward trend of world commodity prices.

B3. Current Year Prospects

The growth in the global economy is expected to be slower with the growing uncertainties in the global financial markets and the inflationary environment driven by the volatility of crude oil and raw material prices, which will affect the cost of production of the Group. Another challenge faced by the Group is the anticipated fluctuation of Ringgit against US Dollar which will impact the Group's margin. As countering measures, the Group will enhance cost efficiency and increase productivity via process improvements.

The Group targets to expand its revenue by further penetrating the South East Asian markets and developing markets in the Middle East as many major infrastructure and construction works had been completed and thus, interior furnishings are now required.

B4. Variance of Actual and Forecast Profit

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

B5. Corporate Proposal

There were no corporate proposals announced but not completed as at 22 May 2008, being a date not earlier than 7 days from the date of this report.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS**B6. Taxation**

	Current Year Quarter ended 31.03.08 RM'000	Preceding Year Corresponding Quarter ended 31.03.07 RM'000
Current taxation	358	208
Deferred taxation	(31)	14
Origination and reversal of temporary differences		
	327	222

The effective tax rate for the current quarter and period ended 31 March 2008 was lower than the statutory income tax rate primarily due to the recognition of reinvestment allowances and the qualification of 20% tax rate for the first RM 500,000 of taxable income for certain subsidiary companies.

B7. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial period ended 31.03.2008.

On 24 October 2007, Euro Space System Sdn Bhd, a wholly owned subsidiary of the Company, entered into a sales and purchase agreement with Chia Kian Kiang to dispose off an office shoplot measuring 1,560 square feet held under master title no H.S.(D) No. 94663, P.T. No. 28589D, Mukim of Sungai Buluh, Daerah Petaling Jaya, Selangor for a cash consideration of RM 118,000.

The disposal has not been completed as at the quarter or financial period ended 31 March 2008.

B8. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter and financial period ended 31 March 2008.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2008 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	2,488	-	2,488
Term loans	542	4,909	5,451
Hire purchase payables	1,727	2,818	4,545
	4,757	7,727	12,484

All borrowings of the Group are denominated in Ringgit Malaysia.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS**B10. Off Balance Sheet Financial Instruments**

Forward foreign exchange contracts were entered into by subsidiary companies to manage exposure to fluctuations in foreign currency exchange rates on specific transactions and to hedge its sales orders denominated in foreign currencies. The transactions in foreign currencies are booked in at the prevailing market rates. Exchange gains or losses arising on contracts are deferred until the date of transaction.

As at 22 May 2008, the notional amount for forward foreign exchange contracts that were entered into as hedges for sales were RM 5.1 million. This amount represents the future cash flows under the contracts to purchase and sell the foreign currencies. The settlement periods of these forward contracts range between 1 month and 4 months.

The Group has no significant concentrations of credit risk and market risk in relation to the above off-balance sheet financial instruments because of low risk of non-performance by counterparties and pre-determined exchange rates under such contracts.

B11. Material Litigation

The Group does not have any material litigation as at the date of this report.

B12. Dividend

No interim dividend has been declared for the financial period ended 31 March 2008 (31 March 2007: Nil).

B13. Earnings Per Share

The basic earnings per share for the quarter ended 31 March 2008 is computed as follows:-

	Current Year Quarter ended 31.03.08	Preceding Year Corresponding Quarter ended 31.03.07 (restated)
Profit for the period, attributable to shareholders of the Company (RM'000)	<u>2,001</u>	<u>1,125</u>
Weighted average number of shares of RM0.50 each in issue ('000)	<u>81,000</u>	<u>81,000</u>
Basic Earnings Per Share (sen)	<u>2.47</u>	<u>1.39</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 March 2008.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 29 May 2008