

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008
(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.08 RM'000	Preceding Year Corresponding Quarter 30.09.07 RM'000 (restated)	Current Year To Date 30.09.08 RM'000	Preceding Year Corresponding Period 30.09.07 RM'000 (restated)
Revenue	28,453	35,750	84,397	90,362
Cost of sales	(22,353)	(27,082)	(64,261)	(67,459)
Gross Profit	<u>6,100</u>	<u>8,668</u>	<u>20,136</u>	<u>22,903</u>
Other Income	195	83	514	179
Operating expenses	(5,008)	(4,930)	(14,826)	(14,576)
Finance costs	(240)	(208)	(688)	(589)
Profit before tax	<u>1,047</u>	<u>3,613</u>	<u>5,136</u>	<u>7,917</u>
Tax expense	(263)	(929)	(1,047)	(1,608)
Profit for the period, attributable to Shareholders of the Company	<u>784</u>	<u>2,684</u>	<u>4,089</u>	<u>6,309</u>
Earnings per share				
- Basic earnings per share (sen)	<u>0.97</u>	<u>3.31</u>	<u>5.05</u>	<u>7.79</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. 646559-T)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008

(The figures have not been audited)

	(Unaudited) As At End of Current Quarter 30.09.08 RM'000	(Audited) As At End of Preceding Financial Year 31.12.07 RM'000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	48,995	43,139
Prepaid lease payments	2,433	2,452
	<u>51,428</u>	<u>45,591</u>
Current assets		
Inventories	14,699	12,959
Trade receivables	27,036	31,586
Other receivables	1,900	2,245
Asset held for sale	-	99
Tax recoverable	609	885
Fixed deposit	227	219
Short term funds	5,894	7,246
Cash and cash at bank	4,840	1,455
	<u>55,205</u>	<u>56,694</u>
TOTAL ASSETS	<u>106,633</u>	<u>102,285</u>
EQUITY AND LIABILITIES		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	27,558	25,737
Shareholders' equity	<u>71,902</u>	<u>70,081</u>
Non-current liabilities		
Loans and borrowings	7,617	6,709
Deferred taxation	936	803
	<u>8,553</u>	<u>7,512</u>
Current liabilities		
Trade payables	16,347	16,876
Other payables	6,092	6,184
Dividend payable	24	10
Amount due to directors	25	29
Short term borrowings	3,690	1,593
	<u>26,178</u>	<u>24,692</u>
Total liabilities	<u>34,731</u>	<u>32,204</u>
TOTAL EQUITY AND LIABILITIES	<u>106,633</u>	<u>102,285</u>
Net Assets Per Share (RM)	0.89	0.87

Notes:

The Unaudited Condensed Consolidated Balance Sheet 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 STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

(The figures have not been audited)

	Current Year Period ended 30.09.08 RM'000	Preceding Year Period ended 30.09.07 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,136	7,917
Adjustments for :		
Non-cash items	3,044	3,184
Non-operating items	322	256
Operating profit before working capital changes	<u>8,502</u>	<u>11,357</u>
Inventories	(1,740)	1,195
Trade and other receivables	4,894	(3,583)
Trade and other payables	(626)	4,143
Cash generated from operations	<u>11,030</u>	<u>13,112</u>
Interest received	134	91
Interest paid	(456)	(362)
Tax paid	(636)	(1,142)
Tax refund	-	321
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>10,072</u>	<u>12,020</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,661)	(4,269)
Construction work-in-progress	(1,813)	-
Placement of pledged fixed deposits	(7)	(7)
Proceeds on disposal of fixed assets	272	17
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,209)</u>	<u>(4,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,254)	(1,646)
Repayment of hire purchase payables	(1,310)	(913)
Repayment of term loan	(399)	(431)
Hire purchase obtained	-	909
NET CASH USED IN FINANCING ACTIVITIES	<u>(3,963)</u>	<u>(2,081)</u>
Net increase in cash and cash equivalents	900	5,680
Cash and cash equivalents at beginning of the period	8,701	7,265
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD*	<u>9,601</u>	<u>12,945</u>

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

Bank overdrafts	(1,133)	-
Cash and bank balances	4,840	7,952
Fixed deposits	227	219
Short term funds	5,894	4,993
	<u>9,828</u>	<u>13,164</u>
Less: Fixed deposit pledged to a bank for credit facilities	(227)	(219)
	<u>9,601</u>	<u>12,945</u>

Notes:

The Condensed Consolidated Cash Flow Statement 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 STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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)	<u>40,500</u>	<u>3,844</u>	<u>25,737</u>	<u>70,081</u>
Profit for the period	-	-	4,089	4,089
Final dividend for the year ended 31 December 2007			(2,268)	(2,268)
At 30 September 2008	<u>40,500</u>	<u>3,844</u>	<u>27,558</u>	<u>71,902</u>
At 1 January 2007				
As previously stated	40,500	3,844	16,993	61,337
Effect of adopting FRS 112	A2(a) -	-	2,106	2,106
At 1 January 2007 (restated)	<u>40,500</u>	<u>3,844</u>	<u>19,099</u>	<u>63,443</u>
Profit for the period (restated)	-	-	6,309	6,309
Final dividend for the year ended 31 December 2006	-	-	(1,655)	(1,655)
At 30 September 2007 (restated)	<u>40,500</u>	<u>3,844</u>	<u>23,753</u>	<u>68,097</u>

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 the 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 2007. 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 a full set of financial statements prepared in accordance with FRSs.

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 FRSs, 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
<i>Amendment</i>	
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 FRSs, Amendments to FRSs and IC interpretations do not have significant impact on the Group except for FRS 112, as disclosed below:

(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 retrospective change in the accounting policy relating to the recognition of the potential deferred tax benefits arising from unutilised reinvestment allowances.

EURO HOLDINGS BERHAD
(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

EURO HOLDINGS BERHAD

(Company No. 646559-T)

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 in A2a 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
6 months ended 30 June 2007			
Tax expense - Income Statement	(568)	(111)	(679)
Profit for the period	3,736	(111)	3,625
Basic earnings per share (sen)	4.61	0.13	4.48
9 months ended 30 Sept 2007			
Tax expense - Income Statement	(1,289)	(319)	(1,608)
Profit for the period	6,628	(319)	6,309
Basic earnings per share (sen)	8.18	(0.39)	7.79

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. However, sales remained flat during the third quarter of the current year and demand is expected to remain low for the remaining period, amidst the current global economic condition.

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 30 September 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 30 September 2008.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A9. Dividends Paid

The final tax exempt dividend of 2.8 sen per ordinary share of 50 sen each amounting to RM2,268,000 for the financial year ended 31 December 2007 was paid on 17 July 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.

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 and financial period under review.

A14. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the financial period ended 30 September 2008 to 14 November 2008, being a date not earlier than 7 days from the date of this report, save for the following :

	As at
<u>Company</u>	14.11.08
	RM'000
<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
	30.09.08
	RM'000
Property, plant and machinery	
Contracted but not provided for	<u>23,530</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 ended 30.09.08 RM'Million	Preceding Year Corresponding Quarter ended 30.09.07 RM'Million	Current Period ended 30.09.08 RM'Million	Preceding Year Corresponding Period ended 30.09.07 RM'Million
Revenue	28.4	35.7	84.4	90.4
Profit before taxation	1.0	3.6	5.1	7.9

The Group recorded a revenue of RM 28.4 million and RM 84.4 million respectively for the quarter and period ended 30 September 2008 as compared to the corresponding RM 35.7 million and RM 90.4 million in the preceding year. The decrease in revenue was attributable to softer demand, arising from the softening of the current global economic condition. Customers became cautious and had pulled back with spending. New projects were deferred and on-going projects were scaled down.

In line with lower revenue, profit before taxation for the quarter and period ended 30 September 2008 were lower at RM 1.0 million and RM 5.1 million respectively. Margins were also eroded with higher production costs due to rising material prices and high inflation rate experienced in the period.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.09.08 RM'Million	Preceding Quarter ended 30.06.08 RM'Million
Revenue	28.4	27.6
Profit before taxation	1.0	1.8

Revenue increased by RM 0.8 million to RM 28.4 million in the current quarter as compared to RM 27.6 million in the preceding quarter. In spite of a slight increase in revenue, profit before taxation for the quarter nevertheless decreased by 40.5% due to continuous high production costs, associated with rising commodity prices and soaring inflation experienced during the quarter.

B3. Current Year Prospects

The Board expects the operating conditions for the remaining financial period of the Group to be tough and challenging in view of the overall adverse global economic sentiment.

The Group will continue to invest its resources in developing and introducing new and innovative products and incorporating new materials in existing products in order to provide varieties to customers and to increase price competitiveness of our products. Additionally, aggressive cost cutting measures and operational efficiency reviews will be carried out to put the Group in better footage, to operate in the increasing competitive environment.

Amidst the current operational backdrop, the Group's result for the current financial year is expected to be lower than the previous year, but is still satisfactorily in light of the current business scenario.

B4. Variance of Actual and Forecast Profit

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

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS**B5. Corporate Proposal**

There were no corporate proposals announced but not completed as at 14 November 2008, being a date not earlier than 7 days from the date of this report.

B6. Taxation

	Current Year Quarter ended 30.09.08 RM'000	Preceding Year Corresponding Quarter ended 30.09.07 RM'000 (restated)	Current Year Period ended 30.09.08 RM'000	Preceding Year Corresponding Period ended 30.09.07 RM'000 (restated)
Current taxation				
- current	28	570	867	1,162
- prior year	-	-	46	(28)
	<u>28</u>	<u>570</u>	<u>913</u>	<u>1,134</u>
Deferred taxation				
Origination and reversal of temporary differences				
- current	235	359	134	474
	<u>263</u>	<u>929</u>	<u>1,047</u>	<u>1,608</u>

The effective tax rate for the current quarter and period ended 30 September 2008 were lower than the statutory income tax rate primarily due to the recognition of reinvestment allowances and the application of income tax rate of 20% 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 30.09.2008 except for the following:

On 24 October 2007, Euro Space System Sdn Bhd, a wholly owned subsidiary of the Company, entered into a sales and purchase agreement to dispose off an office shop lot 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 was completed in May 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 30 September 2008.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2008 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	1,133	-	1,133
Term loans	563	4,621	5,184
Hire purchase payables	1,994	2,996	4,990
	<u>3,690</u>	<u>7,617</u>	<u>11,307</u>

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 13 November 2008, the notional amount for forward foreign exchange contracts that were entered into as hedges for sales and purchase of machinery were RM1.4 million and RM0.2 million respectively. These amounts represent the future cash flows under the contracts to purchase and sell the foreign currencies. The settlement periods of these forward contracts range between 2 months to 6 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 30 September 2008 (30 September 2007: Nil).

B13. Earnings Per Share

The basic earnings per share for the quarter ended 30 September 2008 is computed as follows:-

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Corresponding	Period ended	Corresponding
	30.09.08	Quarter ended	30.09.08	Period ended
		30.09.07		30.09.07
		(restated)		(restated)
Profit for the period, attributable to shareholders of the Company (RM'000)	784	2,684	4,089	6,309
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Basic Earnings Per Share (sen)	0.97	3.31	5.05	7.79

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 30 September 2008.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary

(MIA 1688)

Date: 20 November 2008