

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008
(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.08 RM'000	Preceding Year Corresponding Quarter 31.12.07 RM'000 (restated)	Current Year To Date 31.12.08 RM'000	Preceding Year To Date 31.12.07 RM'000 (restated)
Revenue	23,524	29,826	107,921	120,188
Cost of sales	(16,698)	(21,658)	(80,959)	(89,117)
Gross Profit	<u>6,826</u>	<u>8,168</u>	<u>26,962</u>	<u>31,071</u>
Other Income	248	174	762	353
Operating expenses	(5,337)	(5,220)	(20,163)	(19,796)
Finance costs	(246)	(229)	(934)	(818)
Profit before tax	<u>1,491</u>	<u>2,893</u>	<u>6,627</u>	<u>10,810</u>
Tax expense	(243)	(909)	(1,290)	(2,517)
Profit for the period, attributable to Shareholders of the Company	<u>1,248</u>	<u>1,984</u>	<u>5,337</u>	<u>8,293</u>
Earnings per share				
- Basic earnings per share (sen)	<u>1.54</u>	<u>2.45</u>	<u>6.59</u>	<u>10.24</u>

Notes:

The Condensed Consolidated Income 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 BALANCE SHEET AS AT 31 DECEMBER 2008

(The figures have not been audited)

	(Unaudited) As At End of Current Financial Year 31.12.08 RM'000	(Audited) As At End of Preceding Financial Year 31.12.07 RM'000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	52,558 ##	43,139
Prepaid lease payments	-	2,452
	<u>52,558</u>	<u>45,591</u>
Current assets		
Inventories	14,427	12,959
Trade receivables	23,970	31,586
Other receivables	1,352	2,245
Asset held for sale	2,427	99
Tax recoverable	315	885
Fixed deposit	227	219
Short term funds	2,579	7,246
Cash and cash at bank	4,952	1,455
	<u>50,249</u>	<u>56,694</u>
TOTAL ASSETS	<u>102,807</u>	<u>102,285</u>
EQUITY AND LIABILITIES		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	28,765	25,696
Shareholders' equity	<u>73,109</u>	<u>70,040</u>
Non-current liabilities		
Loans and borrowings	7,049	6,709
Deferred taxation	832	844
	<u>7,881</u>	<u>7,553</u>
Current liabilities		
Trade payables	11,902	16,876
Other payables	6,710	6,184
Dividend payable	7	10
Amount due to directors	28	29
Short term borrowings	3,170	1,593
	<u>21,817</u>	<u>24,692</u>
Total liabilities	<u>29,698</u>	<u>32,245</u>
TOTAL EQUITY AND LIABILITIES	<u>102,807</u>	<u>102,285</u>
Net Assets Per Share (RM)	0.90	0.86

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 YEAR ENDED 31 DECEMBER 2008**

(The figures have not been audited)

	Current Year ended 31.12.08 RM'000	Preceding Year ended 31.12.07 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,627	10,810
Adjustments for :		
Non-cash items	4,644	4,520
Non-operating items	461	368
Operating profit before working capital changes	<u>11,732</u>	<u>15,698</u>
Inventories	(1,469)	1,002
Trade and other receivables	8,232	(6,308)
Trade and other payables	<u>(5,784)</u>	<u>(388)</u>
Cash generated from operations	12,711	10,004
Interest received	161	145
Interest paid	(622)	(513)
Tax paid	(806)	(1,450)
Tax refund	74	445
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>11,518</u>	<u>8,631</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,021)	(4,594)
Construction work-in-progress	(4,179)	-
Placement of pledged fixed deposits	(7)	(7)
Proceeds on disposal of fixed assets	454	17
Payment for prepaid lease	-	(97)
NET CASH USED IN INVESTING ACTIVITIES	<u>(8,753)</u>	<u>(4,681)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,271)	(1,650)
Repayment of hire purchase payables	(1,796)	(1,232)
Repayment of term loan	(532)	(541)
Hire purchase obtained	-	909
NET CASH USED IN FINANCING ACTIVITIES	<u>(4,599)</u>	<u>(2,514)</u>
Net (decrease) increase in cash and cash equivalents	(1,834)	1,436
Cash and cash equivalents at beginning of the year	8,701	7,265
CASH AND CASH EQUIVALENTS AT END OF THE YEAR*	<u>6,867</u>	<u>8,701</u>

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

Bank overdrafts	(664)	-
Cash and bank balances	4,952	1,455
Fixed deposits	227	219
Short term funds	2,579	7,246
	<u>7,094</u>	<u>8,920</u>
Less: Fixed deposit pledged to a bank for credit facilities	(227)	(219)
	<u>6,867</u>	<u>8,701</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.

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(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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) -	-	1,273	1,273
At 1 January 2008 (restated)	<u>40,500</u>	<u>3,844</u>	<u>25,696</u>	<u>70,040</u>
Profit for the year	-	-	5,337	5,337
Final dividend for the year ended 31 December 2007			(2,268)	(2,268)
At 31 December 2008	<u>40,500</u>	<u>3,844</u>	<u>28,765</u>	<u>73,109</u>
At 1 January 2007				
As previously stated	40,500	3,844	16,993	61,337
Effect of adopting FRS 112	A2(a) -	-	2,065	2,065
At 1 January 2007 (restated)	<u>40,500</u>	<u>3,844</u>	<u>19,058</u>	<u>63,402</u>
Profit for the year (restated)	-	-	8,293	8,293
Final dividend for the year ended 31 December 2006	-	-	(1,655)	(1,655)
At 31 December 2007 (restated)	<u>40,500</u>	<u>3,844</u>	<u>25,696</u>	<u>70,040</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 year 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

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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	(1,273)	844
Retained Earnings	24,423	1,273	25,696
Net Assets Per Share (RM)	0.85	0.01	0.86
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
12 months ended 31 December 2007			
Tax expense - Income Statement	(1,725)	(792)	(2,517)
Profit for the period	9,085	(792)	8,293
Basic earnings per share (sen)	11.22	(0.98)	10.24

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 in the third quarter of the current year and dipped further in the final quarter due to lower demand, amidst the current global economic crisis.

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 year ended 31 December 2008.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 year ended 31 December 2008.

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 Year

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

A13. Changes in the Composition of the Group

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

A14. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the financial year ended 31 December 2008 to 18 February 2009, being a date not earlier than 7 days from the date of this report, save for the following :

	As at
<u>Company</u>	18.02.09
	RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>71,256</u>

A15. Capital Commitments

	As at
	31.12.08
	RM'000
Property, plant and machinery	
Contracted but not provided for	<u>17,760</u>

EURO HOLDINGS BERHAD

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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 31.12.08 RM'Million	Preceding Year Corresponding Quarter ended 31.12.07 RM'Million	Current Year ended 31.12.08 RM'Million	Preceding Year ended 31.12.07 RM'Million
Revenue	23.5	29.8	107.9	120.2
Profit before taxation	1.5	2.9	6.6	10.8

The Group recorded a revenue of RM 23.5 million and RM 107.9 million respectively for the quarter and year ended 31 December 2008. There was an overall drop of 10.2% from the whole year revenue of RM120.2 million achieved in 2007. Overall demand, especially from overseas had shrunk in the last quarter of 2008, due to the adverse global economic condition.

Profit before taxation for the year ended 31 December 2008 reduced by a larger quantum, at 39% as compared to 2007, in line with lower revenue and general tougher operating environment. In the first half of the year, profit was affected by record high raw material prices and higher operating costs, while decline in demand affected the financial performance of the Group towards the end of the year.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.12.08 RM'Million	Preceding Quarter ended 30.09.08 RM'Million
Revenue	23.5	28.4
Profit before taxation	1.5	1.0

Revenue decreased to RM 23.5 million in the current quarter from RM 28.4 million in the preceding quarter due to weakening of overall market demand and deferment of projects by customers. Despite a drop of 17.2% in revenue, the Group managed to record higher profit before taxation as raw material prices eased during the quarter.

B3. Prospects for next financial year

The Board expects product demand to further decline, amidst the recession of most major global markets in the next financial year. Operating conditions will be challenging in 2009 as global economic outlook is expected to remain weak.

During this period, the Group will explore new markets and joint ventures especially in the Asian region, which is seen to be more resilient to the current global economic turmoil. The Group will embark further with its house keeping initiatives, to improve its production controls & efficiency and rationalise operating costs. The above measures will put the Group in a better footage to operate in an increasing competitive environment and to prepare the Group to position itself in the event of economic recovery in the future.

B4. Variance of Actual and Forecast Profit

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

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

There were no corporate proposals announced but not completed as at 18 February 2009, being a date not earlier than 7 days from the date of this report.

B6. Taxation

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Corresponding	ended	ended
	31.12.08	Quarter ended	31.12.08	31.12.07
	RM'000	31.12.07	RM'000	RM'000
		RM'000	RM'000	RM'000
		(restated)		(restated)
Current taxation				
- current	354	231	1,221	1,393
- prior year	35	-	81	(28)
	<u>389</u>	<u>231</u>	<u>1,302</u>	<u>1,365</u>
Deferred taxation				
Origination and reversal of temporary differences				
- current	(173)	502	(39)	976
- prior year	27	176	27	176
	<u>(146)</u>	<u>678</u>	<u>(12)</u>	<u>1,152</u>
	<u>243</u>	<u>909</u>	<u>1,290</u>	<u>2,517</u>

The effective tax rate for the current quarter and year ended 31 December 2008 were lower than the statutory income tax rate primarily due to the claim for 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 year ended 31.12.2008 except for the following:

In May 2008, Euro Space System Sdn Bhd, a wholly owned subsidiary of the Company, completed the disposal of 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.

On 19 December 2008, Euro Chairs Manufacturer (M) Sdn Bhd, a wholly owned subsidiary of the Company, entered into a sales and purchase agreement to dispose off a parcel of leasehold industry land measuring 11,372 square metres held under title no H.S.(D) 58764, P.T. No. 557, Bandar Rawang, Daerah Gombak, Negeri Selangor for a cash consideration of RM 2,203,326.

The disposal has not been completed as at year end.

B8. Purchase or Disposal of Quoted Securities

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

B9. Group Borrowings and Debt Securities

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

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
<i>Secured</i>			
Overdrafts	664	-	664
Term loans	571	4,479	5,050
Hire purchase payables	1,935	2,570	4,505
	<u>3,170</u>	<u>7,049</u>	<u>10,219</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

All borrowings of the Group are denominated in Ringgit Malaysia.

EURO HOLDINGS BERHAD

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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 18 February 2009, the notional amount for forward foreign exchange contracts that were entered into as hedges for sales were RM 1.1 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 4 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

The Board of Directors proposed to declare a first and final tax exempt dividend of 2.0 sen per ordinary share of RM 0.50 each for the financial year ended 31 December 2008 (2007: Final tax exempt dividend of 2.8 sen). The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting to be held on a date to be announced later. The date for the book closure of the Record of Depositors for determining dividend entitlement and the date of payment will be announced at a later date.

B13. Earnings Per Share

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

	Current Year Quarter ended 31.12.08	Preceding Year Corresponding Quarter ended 31.12.07 (restated)	Current Year ended 31.12.08	Preceding Year ended 31.12.07 (restated)
Profit for the year, attributable to shareholders of the Company (RM'000)	1,248	1,984	5,337	8,293
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)	1.54	2.45	6.59	10.24

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 ended 31 December 2008.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary

(MIA 1688)

Date: 25 February 2009