

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009  
(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.09 RM'000	Preceding Year Corresponding Quarter 30.09.08 RM'000	Current Year To Date 30.09.09 RM'000	Preceding Year To Date 30.09.08 RM'000
Revenue	17,547	28,453	45,331	84,397
Cost of sales	(14,422)	(22,353)	(36,526)	(64,261)
Gross Profit	<u>3,125</u>	<u>6,100</u>	<u>8,805</u>	<u>20,136</u>
Other Income	193	195	331	514
Operating expenses	(4,299)	(5,008)	(12,700)	(14,826)
Finance costs	(230)	(240)	(661)	(688)
<b>(Loss) / Profit before taxation</b>	<u>(1,211)</u>	<u>1,047</u>	<u>(4,225)</u>	<u>5,136</u>
Taxation	232	(263)	1,056	(1,047)
<b>(Loss) / Profit for the period, attributable to Shareholders of the Company</b>	<u>(979)</u>	<u>784</u>	<u>(3,169)</u>	<u>4,089</u>
<b>(Loss) / Earnings per share</b>				
- (Loss) / Basic earnings per share (sen)	<u>(1.21)</u>	<u>0.97</u>	<u>(3.91)</u>	<u>5.05</u>

Notes:

The Condensed Consolidated Income Statement should be read in conjunction with the annual financial statements for the financial year ended 31 December 2008 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 2009**

(The figures have not been audited)

	(Unaudited) As At End of Current Quarter 30.09.09 RM'000	(Audited) As At End of Preceding Financial Year 31.12.08 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	65,367 ##	52,558
Deferred tax asset	956	-
<b>Current assets</b>		
Inventories	14,029	14,428
Trade receivables	22,125	23,970
Other receivables	1,411	1,351
Non current asset held for sale	-	2,203
Tax recoverable	565	509
Fixed deposit	232	227
Short term funds	1,932	2,579
Cash and cash at bank	4,111	4,952
	<u>44,405</u>	<u>50,219</u>
<b>TOTAL ASSETS</b>	<u>110,728</u>	<u>102,777</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	23,812	28,601
<b>Shareholders' equity</b>	<u>68,156</u>	<u>72,945</u>
<b>Non-current and deferred liabilities</b>		
Loans and borrowings	19,123	7,049
Deferred taxation	-	832
	<u>19,123</u>	<u>7,881</u>
<b>Current liabilities</b>		
Trade payables	10,625	11,901
Other payables	6,055	6,785
Dividend payable	10	7
Amount due to directors	31	28
Provision for taxation	-	60
Short term borrowings	6,728	3,170
	<u>23,449</u>	<u>21,951</u>
<b>Total liabilities</b>	<u>42,572</u>	<u>29,832</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>110,728</u>	<u>102,777</u>
Net Assets Per Share (RM)	0.84	0.90

Notes:

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual financial statements for the financial year ended 31 December 2008 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 2009**

(The figures have not been audited)

	Current Year Period ended 30.09.09 RM'000	Preceding Year Period ended 30.09.08 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(4,225)	5,136
Adjustments for :		
Non-cash items	3,482	3,044
Non-operating items	452	322
Operating profit before working capital changes	<u>(291)</u>	<u>8,502</u>
Inventories	398	(1,740)
Trade and other receivables	1,785	4,894
Trade and other payables	1,047	(626)
Cash generated from operations	<u>2,939</u>	<u>11,030</u>
Interest received	36	134
Interest paid	(488)	(456)
Tax refund	74	-
Tax paid	(922)	(636)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>1,639</u>	<u>10,072</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(15,335)	(5,474)
Proceeds on disposal of property, plant and equipment	2,660	272
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(12,675)</u>	<u>(5,202)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,617)	(2,254)
Fixed deposit pledged	(5)	(7)
Repayment of hire purchase payables	(1,709)	(1,310)
Repayment of term loan	(425)	(399)
Drawdown of term loan	12,692	-
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES</b>	<u>8,936</u>	<u>(3,970)</u>
Net (decrease)/ increase in cash and cash equivalents	(2,100)	900
Cash and cash equivalents at beginning of the financial period	6,867	8,701
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*</b>	<u>4,767</u>	<u>9,601</u>

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

Bank overdrafts	(1,276)	(1,133)
Cash and bank balances	4,111	4,840
Fixed deposits	232	227
Short term funds	1,932	5,894
	<u>4,999</u>	<u>9,828</u>
Less: Fixed deposit pledged to a bank for credit facilities	(232)	(227)
	<u>4,767</u>	<u>9,601</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 2008 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 2009**  
(The figures have not been audited)

	<b>Non Distributable</b>		<b>Distributable</b>	Total
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Shareholders' Equity RM'000
<b>At 1 January 2009</b>	40,500	3,844	28,601	72,945
Loss for the period	-	-	(3,169)	(3,169)
Final dividend for the year ended 31 December 2008	-	-	(1,620)	(1,620)
<b>At 30 September 2009</b>	<b>40,500</b>	<b>3,844</b>	<b>23,812</b>	<b>68,156</b>
<b>At 1 January 2008</b>	40,500	3,844	24,423	68,767
As previously stated	-	-	1,273	1,273
Effect of adopting FRS 112				
<b>At 1 January 2008</b>	40,500	3,844	25,696	70,040
Profit for the period	-	-	4,089	4,089
Final dividend for the year ended 31 December 2007	-	-	(2,268)	(2,268)
<b>At 30 September 2008</b>	<b>40,500</b>	<b>3,844</b>	<b>27,517</b>	<b>71,861</b>

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 2008 and the accompanying explanatory notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1. Basis of Preparation**

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

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 2008. 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 2008. 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.

The significant accounting policies, methods of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those adopted in the in the audited annual financial statements of the Group for the financial year ended 31 December 2008.

The Group has not adopted any new/revised FRS/Interpretation that has been issued as at the date of authorisation of these interim financial statements but is not effective for the Group. The Group will only apply these FRSs/ Interpretations from the period beginning 1 January 2010. The Directors do not anticipate any significant impact on the results and the financial position of the Group upon their initial application except for FRS 7 Financial Instruments: Disclosure and FRS 139 Financial Instruments: Recognition and Measurement. Transitional provisions allow for the non-disclosure of possible impact, if any to the financial statements upon the initial application of FRS 7 and FRS 139.

**A2. Material Changes in Estimates**

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

**A3. Auditors' Report**

The auditors' report on the financial statements for the financial year ended 31 December 2008 was not qualified.

**A4. 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.

**A5. 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 period ended 30 September 2009.

**A6. 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 period ended 30 September 2009.

**A7. Dividends Paid**

The final tax exempt dividend of 2.0 sen per ordinary share of 50 sen amounting to RM 1,620,000 for the financial year ended 31 December 2008 was paid on 16 July 2009.

**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**

**A8. 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.

**A9. Valuation of Property, Plant and Equipment**

The valuation of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2008.

**A10. 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.

**A11. Changes in the Composition of the Group**

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

**A12. Contingent Liabilities and Contingent Assets**

The Group has no material contingent liabilities and contingent assets since the quarter and period ended 30 September 2009 to 24 November 2009, being a date not earlier than 7 days from the date of this report, save for the following :

	<b>As at</b>
<u>Company</u>	<b>24.11.09</b>
	<b>RM'000</b>
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>73,356</u>

**A13. Capital Commitments**

	<b>As at</b>
	<b>30.09.09</b>
	<b>RM'000</b>
Property, plant and machinery	
Contracted but not provided for	<u>1,795</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**

	<b>Current Quarter ended 30.09.09 RM'Million</b>	<b>Preceding Year Corresponding Quarter ended 30.09.08 RM'Million</b>	<b>Current Period ended 30.09.09 RM'Million</b>	<b>Preceding Year Corresponding Period ended 30.09.08 RM'Million</b>
Revenue	17.5	28.4	45.3	84.4
(Loss) / Profit before taxation	(1.2)	1.0	(4.2)	5.1

The Group recorded a revenue of RM 45.3 million for the period ended 30 September 2009 as compared to RM 84.4 million in the same corresponding period of 2008. The decline in revenue for the period was due to low demand of office furniture as projects were either delayed or put on hold amidst the lacklustre global economic condition.

The Group reported a loss before taxation of RM4.2 million for the period under review, mainly due to low revenue posted in the period and the decline in the margin. Gross profit margin suffered as production was operating at below optimum level.

**B2. Variation of Results Against Preceding Quarter**

	<b>Current Quarter ended 30.09.09 RM'Million</b>	<b>Preceding Quarter ended 30.06.09 RM'Million</b>
<b>Revenue</b>	17.5	15.4
<b>Loss before taxation</b>	(1.2)	(0.9)

Group revenue increased to RM 17.5 million in the current quarter as compared to RM 15.4 million in the previous quarter as more projects were secured. Although revenue improved, the Group recorded a loss due to lower profit margin.

**B3. Current Year Prospects**

While sales are expected to improve, margins will be affected as a result of intense competition. The Group foresees operating in a challenging environment in the short term ahead and shall take necessary mitigation measures to reduce the impact.

**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 24 November 2009, being a date not earlier than 7 days from the date of this report.

**EURO HOLDINGS BERHAD**

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

	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Period</b>	<b>Preceding Year</b>
	<b>Quarter ended</b>	<b>Corresponding</b>	<b>ended</b>	<b>ended</b>
	<b>30.09.09</b>	<b>Quarter ended</b>	<b>30.09.09</b>	<b>30.09.08</b>
	<b>RM'000</b>	<b>30.09.08</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>RM'000</b>		
Current taxation				
- current	295	28	774	867
- prior year	(42)	-	(42)	46
	<u>253</u>	<u>28</u>	<u>732</u>	<u>913</u>
Deferred taxation				
Origination and reversal of temporary differences				
- current	(485)	235	(1,788)	134
	<u>(232)</u>	<u>263</u>	<u>(1,056)</u>	<u>1,047</u>

The effective tax rate for the current quarter and period ended 30 September 2009 were higher than the statutory income tax rate primarily due to non-deductible expenses partially offset by claim for reinvestment allowances.

**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 30.09.2009 except for the following:

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 was completed in August 2009.

**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 2009.

**B9. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 September 2009 are as follows:

	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Secured</u></b>			
Overdrafts	1,276	-	1,276
Bills payables	2,641	-	2,641
Term loans	597	16,720	17,317
Hire purchase payables	1,805	2,403	4,208
	<u>6,319</u>	<u>19,123</u>	<u>25,442</u>
<b><u>Unsecured</u></b>			
Bills payables	409	-	409
<b>Total</b>	<u>6,728</u>	<u>19,123</u>	<u>25,851</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 24 November 2009, the notional amount for forward foreign exchange contracts that were entered into as hedges for sales were RM 0.3 million. This amount represents the future cash flows under the contracts to 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**

No interim dividend has been declared for the financial period ended 30 September 2009 (30 September 2008: Nil).

**B13. Earnings Per Share**

The basic earnings per share for the quarter ended 30 September 2009 is computed as follows:-

	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Quarter ended</b>	<b>Corresponding</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>30.09.09</b>	<b>Quarter ended</b>	<b>30.09.09</b>	<b>Period ended</b>
		<b>30.09.08</b>		<b>30.09.08</b>
(Loss) / Profit for the year, attributable to shareholders of the Company (RM'000)	(979)	784	(3,169)	4,089
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
(Loss) / Basic Earnings Per Share (sen)	(1.21)	0.97	(3.91)	5.05

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the quarter ended 30 September 2009.

By order of the Board  
**EURO HOLDINGS BERHAD**

Tai Keat Chai

Company Secretary

(MIA 1688)

Date: 30 November 2009