

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.09 RM'000	Preceding Year Corresponding Quarter 31.12.08 RM'000	Current Year To Date 31.12.09 RM'000	Preceding Year To Date 31.12.08 RM'000
Revenue	19,583	23,524	64,914	107,921
Cost of sales	(15,921)	(16,698)	(52,447)	(80,959)
Gross Profit	<u>3,662</u>	<u>6,826</u>	<u>12,467</u>	<u>26,962</u>
Other Income	43	248	374	762
Operating expenses	(4,105)	(5,634)	(16,805)	(20,460)
Finance costs	(264)	(246)	(925)	(934)
(Loss) / Profit before taxation	<u>(664)</u>	<u>1,194</u>	<u>(4,889)</u>	<u>6,330</u>
Taxation	319	(110)	1,375	(1,157)
(Loss) / Profit for the period, attributable to Shareholders of the Company	<u>(345)</u>	<u>1,084</u>	<u>(3,514)</u>	<u>5,173</u>
(Loss) / Earnings per share				
- (Loss) / Basic earnings per share (sen)	<u>(0.43)</u>	<u>1.34</u>	<u>(4.34)</u>	<u>6.39</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 31 DECEMBER 2009
(The figures have not been audited)

	(Unaudited) As At End of Current Year 31.12.09 RM'000	(Audited) As At End of Preceding Financial Year 31.12.08 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	66,518	52,558
Deferred tax asset	1,333	-
Current assets		
Inventories	13,873	14,428
Trade receivables	24,207	23,970
Other receivables	1,009	1,351
Non current asset held for sale	-	2,203
Tax recoverable	781	509
Fixed deposit	232	227
Short term funds	841	2,579
Cash and cash at bank	4,728	4,952
	<u>45,671</u>	<u>50,219</u>
TOTAL ASSETS	<u><u>113,522</u></u>	<u><u>102,777</u></u>
EQUITY AND LIABILITIES		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	23,467	28,601
Shareholders' equity	<u><u>67,811</u></u>	<u><u>72,945</u></u>
Non-current and deferred liabilities		
Loans and borrowings	20,258	7,049
Deferred taxation	-	832
	<u>20,258</u>	<u>7,881</u>
Current liabilities		
Trade payables	11,136	11,901
Other payables	6,698	6,785
Dividend payable	8	7
Amount due to directors	28	28
Provision for taxation	148	60
Short term borrowings	7,435	3,170
	<u>25,453</u>	<u>21,951</u>
Total liabilities	<u>45,711</u>	<u>29,832</u>
TOTAL EQUITY AND LIABILITIES	<u><u>113,522</u></u>	<u><u>102,777</u></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 YEAR ENDED 31 DECEMBER 2009**

(The figures have not been audited)

	Current Year ended 31.12.09 RM'000	Preceding Year ended 31.12.08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(4,889)	6,330
Adjustments for :		
Non-cash items	4,718	4,688
Non-operating items	626	667
Operating profit before working capital changes	<u>455</u>	<u>11,685</u>
Inventories	555	(1,469)
Trade and other receivables	58	8,206
Trade and other payables	<u>3,814</u>	<u>(5,712)</u>
Cash generated from operations	4,882	12,710
Interest received	46	165
Interest paid	(672)	(623)
Tax refund	74	77
Tax paid	<u>(1,050)</u>	<u>(810)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>3,280</u>	<u>11,519</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(17,670)	(9,209)
Proceeds from disposal of property, plant and equipment	457	349
Proceeds from disposal of leasehold land	<u>2,203</u>	<u>113</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(15,010)</u>	<u>(8,747)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,618)	(2,271)
Fixed deposit pledged	(6)	(8)
Repayment of hire purchase payables	(2,232)	(1,795)
Repayment of term loans	(570)	(532)
Drawdown of term loan	<u>14,349</u>	<u>-</u>
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	<u>9,923</u>	<u>(4,606)</u>
Net decrease in cash and cash equivalents	(1,807)	(1,834)
Cash and cash equivalents at beginning of the year	<u>6,867</u>	<u>8,701</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR*	<u>5,060</u>	<u>6,867</u>

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

Bank overdrafts	(509)	(664)
Cash and bank balances	4,728	4,952
Fixed deposits	232	227
Short term funds	<u>841</u>	<u>2,579</u>
	5,292	7,094
Less: Fixed deposit pledged to a bank for credit facilities	<u>(232)</u>	<u>(227)</u>
	<u>5,060</u>	<u>6,867</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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009
(The figures have not been audited)

	Non Distributable		Distributable	Total
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Shareholders' Equity RM'000
At 1 January 2009	40,500	3,844	28,601	72,945
Loss for the period	-	-	(3,514)	(3,514)
Final dividend for the year ended 31 December 2008	-	-	(1,620)	(1,620)
At 31 December 2009	40,500	3,844	23,467	67,811
At 1 January 2008				
As previously stated	40,500	3,844	24,423	68,767
Effect of adopting FRS 112	-	-	1,273	1,273
At 1 January 2008	40,500	3,844	25,696	70,040
Profit for the period	-	-	5,173	5,173
Final dividend for the year ended 31 December 2007	-	-	(2,268)	(2,268)
At 31 December 2008	40,500	3,844	28,601	72,945

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 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 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 31 December 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 year ended 31 December 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

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 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.

A11. 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.

A12. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the quarter and financial year ended 31 December 2009 to 19 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>	19.02.10
	RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>73,356</u>

A13. Capital Commitments

	As at
	31.12.09
	RM'000
Property, plant and machinery	
Contracted but not provided for	<u>93</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 31.12.09 RM'Million	Preceding Year Corresponding Quarter ended 31.12.08 RM'Million	Current Period ended 31.12.09 RM'Million	Preceding Year Corresponding Period ended 31.12.08 RM'Million
Revenue	19.4	23.5	64.9	107.9
(Loss) / Profit before taxation	(0.7)	1.2	(4.9)	6.3

The Group registered a revenue of RM 64.9 million for the year ended 31 December 2009 as compared to RM 107.9 million in 2008. Revenue was affected by low product demand especially in the first half of the year, the effect of the overall softening of the global economy.

The Group sustained a loss before taxation of RM4.9 million for the year ended 31 December 2009, in tandem with the drop in revenue and lower margin. Higher costs and coupled with lower selling price resulted in lower margin.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.12.09 RM'Million	Preceding Quarter ended 30.09.09 RM'Million
Revenue	19.4	17.7
Loss before taxation	(0.7)	(1.2)

The Group reported higher revenue of RM 19.4 million in the final quarter of the year as compared to RM 17.7 million in the preceding quarter. With improved revenue, the loss of the quarter was reduced to RM 0.7 million.

B3. Prospects for the next financial year

While encouraging signs were seen in the current furniture demand, the Board remains cautious of the sustainability of the overall global market recovery. The Board foresees operating in a continuous challenging environment in the short term ahead with anticipated rising material costs and in foreign exchange rate fluctuations. However, the Board is cautiously optimistic of a better financial performance in 2010 and will continuously take appropriate measures to improve its competitiveness.

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 19 February 2010, being a date not earlier than 7 days from the date of this report.

B6. Taxation

	Current Year Quarter ended 31.12.09 RM'000	Preceding Year Corresponding Quarter ended 31.12.08 RM'000	Current Year ended 31.12.09 RM'000	Preceding Year ended 31.12.08 RM'000
Current taxation				
- current	70	262	844	1,129
- prior year	(12)	(6)	(54)	40
	<u>58</u>	<u>256</u>	<u>790</u>	<u>1,169</u>
Deferred taxation				
Origination and reversal of temporary differences				
- current	(483)	(120)	(2,271)	14
- prior year	106	(26)	106	(26)
	<u>(377)</u>	<u>(146)</u>	<u>(2,165)</u>	<u>(12)</u>
Total	<u>(319)</u>	<u>110</u>	<u>(1,375)</u>	<u>1,157</u>

The effective tax rate for the current quarter and year ended 31 December 2009 were higher than the statutory income tax rate primarily due to the claim on reinvestment allowances, partially offset by non-allowable expenses.

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 31.12.2009 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 year ended 31 December 2009.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2009 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	509	-	509
Bills payables	4,672	-	4,672
Term loans	606	18,222	18,828
Hire purchase payables	1,648	2,036	3,684
	<u>7,435</u>	<u>20,258</u>	<u>27,693</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 19 February 2010, the notional amount for forward foreign exchange contracts that were entered into as hedges for sales were RM 2.4 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 5 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 dividend has been proposed or declared for the financial year ended 31 December 2009 (2008: Final tax exempt dividend of 2.0 sen per ordinary share of RM 50 each).

B13. Earnings Per Share

The basic earnings per share for the quarter ended 31 December 2009 is computed as follows:-

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Corresponding	Period ended	Period ended
	31.12.09	Quarter ended	31.12.09	Period ended
		31.12.08		31.12.08
(Loss) / Profit for the year, attributable to shareholders of the Company (RM'000)	(345)	1,084	(3,514)	5,173
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)	(0.43)	1.34	(4.34)	6.39

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the year ended 31 December 2009.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary

(MIA 1688)

Date: 25 February 2010