

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.10 RM'000	Preceding Year Corresponding Quarter 31.12.09 RM'000	Current Year To Date 31.12.10 RM'000	Preceding Year Corresponding Period 31.12.09 RM'000
Continuing Operations:				
Revenue	22,281	19,583	88,207	64,914
Cost of sales	(17,073)	(15,921)	(70,727)	(52,447)
Gross Profit	5,208	3,662	17,480	12,467
Other Income	286	43	646	374
Operating expenses	(4,371)	(4,104)	(19,777)	(16,804)
Finance costs	(326)	(264)	(1,124)	(925)
Profit/(Loss) before taxation	797	(663)	(2,775)	(4,888)
Taxation	584	320	1,233	1,376
Profit/(Loss) for the period	1,381	(343)	(1,542)	(3,512)
Other Comprehensive Income ("OCI")	-	-	-	-
Total Comprehensive Income/(Loss) for the period, attributable to Equity holders of the Company	1,381	(343)	(1,542)	(3,512)
Earnings/ (Loss) per share				
- Earnings/(Loss) per share (sen)	1.70	(0.42)	(1.90)	(4.34)

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

(The figures have not been audited)

	(Unaudited) As At End of Current Financial Year 31.12.10 RM'000	(Audited) As At End of Preceding Financial Year 31.12.09 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	66,949	66,518
Deferred tax asset	2,702	1,333
	<u>69,651</u>	<u>67,851</u>
Current assets		
Inventories	15,254	13,873
Trade receivables	29,089	24,208
Other receivables	1,164	1,009
Tax recoverable	1,170	782
Foreign currency forward contracts	49	-
Fixed deposit	236	232
Short term funds	113	841
Cash and cash at bank	2,490	4,728
	<u>49,565</u>	<u>45,673</u>
TOTAL ASSETS	<u><u>119,216</u></u>	<u><u>113,524</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	21,933	23,469
Shareholders' equity	<u>66,277</u>	<u>67,813</u>
Non-current liabilities		
Loans and borrowings	20,726	20,266
Current liabilities		
Trade payables	11,815	11,136
Other payables	7,695	6,698
Dividend payable	5	8
Amount due to directors	9	28
Provision for taxation	104	147
Short term borrowings	12,585	7,428
	<u>32,213</u>	<u>25,445</u>
Total liabilities	<u>52,939</u>	<u>45,711</u>
TOTAL EQUITY AND LIABILITIES	<u><u>119,216</u></u>	<u><u>113,524</u></u>
Net Assets Per Share (RM)	0.82	0.84

Notes:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010
(The figures have not been audited)**

	Current Year ended 31.12.10 RM'000	Preceding Year ended 31.12.09 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,775)	(4,888)
Adjustments for :		
Non-cash items	4,623	4,822
Non-operating items	799	597
Operating profit before working capital changes	<u>2,647</u>	<u>531</u>
Inventories	(1,423)	555
Trade and other receivables	(5,513)	(22)
Trade and other payables	2,966	3,820
Cash (used in)/generated from operations	<u>(1,323)</u>	<u>4,884</u>
Interest received	20	46
Interest paid	(819)	(672)
Tax refund	211	74
Tax paid	(778)	(1,050)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(2,689)</u>	<u>3,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,325)	(17,669)
Proceeds from disposal of property, plant and equipment	537	745
Proceeds from disposal of asset held for sale	-	2,203
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,788)</u>	<u>(14,721)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposit pledged	(4)	(6)
Repayment of hire purchase payables	(2,021)	(2,521)
Repayment of term loans	(596)	(571)
Dividend paid	(3)	(1,620)
Drawdown of term loan	-	14,349
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	<u>(2,624)</u>	<u>9,631</u>
Net decrease in cash and cash equivalents	(7,101)	(1,808)
Cash and cash equivalents at beginning of the year	5,060	6,867
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR*	<u>(2,041)</u>	<u>5,059</u>

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

Bank overdrafts	(4,644)	(510)
Cash and bank balances	2,490	4,728
Fixed deposits	236	232
Short term funds	113	841
	<u>(1,805)</u>	<u>5,291</u>
Less: Fixed deposit pledged to a bank for credit facilities	(236)	(232)
	<u>(2,041)</u>	<u>5,059</u>

Notes:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the financial year ended 31 December 2009 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 FOURTH QUARTER ENDED 31 DECEMBER 2010
(The figures have not been audited)

	<---Attributable to Equity Holders of the Company--->			
	<u>Non-distributable</u>		<u>Distributable</u>	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	
At 1 January 2010	40,500	3,844	23,469	
Effects of applying FRS 139	-	-	6	6
At 1 January 2010, as restated	<u>40,500</u>	<u>3,844</u>	<u>23,475</u>	<u>67,819</u>
Total comprehensive loss for the year	-	-	(1,542)	(1,542)
At 31 December 2010	<u>40,500</u>	<u>3,844</u>	<u>21,933</u>	<u>66,277</u>
At 1 January 2009	40,500	3,844	28,601	72,945
Total comprehensive loss for the year	-	-	(3,512)	(3,512)
Final dividend for the year ended 31 December 2008	-	-	(1,620)	(1,620)
At 31 December 2009	<u>40,500</u>	<u>3,844</u>	<u>23,469</u>	<u>67,813</u>

Notes:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2010

A1. Basis of preparation

The condensed consolidated 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 Main Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 2009. 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 and should be read in conjunction with the annual consolidated financial statements of Euro Holdings Berhad ("EURO" or the "Company") for the financial year ended 31 December 2009.

A2. Significant Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation applied in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the annual audited financial statements of the Group for the financial year ended 31 December 2009, except for the following:

Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current year ended 31 December 2010, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC interpretations which are applicable to its financial statements and relevant operations:

FRSs, IC interpretations and Amendments to FRSs and IC Interpretations

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (Revised)	Presentation of Financial Statements
FRS 123 (Revised)	Borrowing Costs
FRS 132 (Revised)	Financial Instruments: Presentation
FRS 139 (Revised)	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Impairment and Interim Financial Reporting
Amendments to FRS 1 and FRS 127 :	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139 and FRS 7 :	Financial Instruments: Recognition and Measurement and Financial Instruments: Disclosures

Other than for the application of FRS 101, FRS 8 and FRS 139, the application of the above FRSs, IC interpretations and Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

a) FRS 101: Presentation of Financial Statements

Prior to the revised FRS 101, the components of the financial statements presented consisted of an income statement, a balance sheet, a cashflow statement, a statement on changes in equity and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of comprehensive income, a statement of financial position, a statement of cash flows, a statement of changes in equity and notes to the financial statements.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only impacts presentation and disclosure aspects, there is no impact on earnings per ordinary share.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2010

b) FRS 8: Operating Statements

Prior to the adoption of FRS 8, the Group did not provide any segmental reporting as the Group is involved in a single industry segment and conducted predominantly in Malaysia. FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate the segment and to assess its performance. The Group now presents its segment information based on its market segments, which is the basis of presenting its monthly management reports.

The comparatives of the preceding year corresponding period are re-presented to conform to the current period presentation, as disclosed in Note A9.

c) FRS 139: Financial Instruments - Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments.

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the statement of financial position were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Group becomes a party to the contractual provisions of the instruments. The recognition, derecognition and measurement are applied prospectively from 1 January 2010.

d) FRS 7 Financial Instruments: Disclosures

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, Financial Instruments: Disclosures and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications. Additional disclosures regarding fair value measurements are required in the year end financial statements.

A3. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2009 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. However, sales had remained consistent for all quarters throughout 2010.

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 year ended 31 December 2010.

A6. Material Changes in Estimates of Amounts Reported

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

A7. Changes in 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 2010.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and year ended 31 December 2010.

EURO HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2010**A9. Segmental Reporting**

Segment analysis for the current financial year ended 31 December 2010 was as follows:-

By Market Segments:

	Local	Exports	Total
Revenue	33,554	54,653	88,207
	38%	62%	
Results			
Segment Results	(1,261)	(981)	(2,242)
Unallocated corporate expenses			(533)
Loss before taxation			(2,775)

Segment analysis for the previous financial year ended 31 December 2009 was as follows:-

	Local	Exports	Total
Revenue	32,950	31,964	64,914
	51%	49%	
Results			
Segment Results	(145)	(4,113)	(4,258)
Unallocated corporate expenses			(630)
Loss before taxation			(4,888)

A10. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment in the quarter and year ended 31 December 2010. The valuation of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2009.

A11. 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.

A12. 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, except for the following:-

On 1 March 2010, the Company acquired the entire issued and paid up share capital of Eurosteel System Sdn Bhd ("ES") and Eurosteel Line Sdn Bhd (companies incorporated in Malaysia) for a cash consideration of RM 2 each. Both the companies became wholly owned subsidiaries of the Company with effect from that date. Subsequently, on 11 March 2010, ES increased its share capital from RM 2 to RM 250,000 by way of new allotment of 249,998 new ordinary shares of RM 1.00 each at par for cash consideration. There is no change to the shareholding structure subsequent to the event.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2010

A13. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the quarter and financial year ended 31 December 2010 to 21 February 2011, being a date not earlier than 7 days from the date of this report, save for the following :

	As at
<u>Company</u>	21.02.11
	RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>76,155</u>

A14. Capital Commitments

	As at
	31.12.10
	RM'000
Property, plant and machinery	
Contracted but not provided for	<u>1,436</u>

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2010**PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance**

	Current Quarter ended 31.12.10 RM'Million	Preceding Year Corresponding Quarter ended 31.12.09 RM'Million	Current Year ended 31.12.10 RM'Million	Preceding Year ended 31.12.09 RM'Million
Revenue	22.3	19.6	88.2	64.9
Profit/(Loss) before taxation	0.8	(0.7)	(2.8)	(4.9)

The Group recorded a profit before taxation of RM 0.8 million for the current quarter ended 31 December 2010 against a loss of RM0.7 million in the previous corresponding quarter, attributable to higher revenue achieved and improved gross profit margin. Gross profit margin improved with higher capacity efficiency and better material usage.

The Group managed to reduce the loss for the whole year of 2010 to RM 2.8 million, representing a decrease of 43.2% from the previous year of RM RM4.9 million. The lower loss was achieved on the back of improved revenue derived, especially from the exports market.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.12.10 RM'Million	Preceding Quarter ended 30.09.10 RM'Million
Revenue	22.3	22.2
Profit/(Loss) before taxation	0.8	0.2

The Group recorded a revenue of RM22.3 million for the current quarter, almost similar volume to the previous quarter of RM 22.2 million. Profit before taxation was however higher at RM 0.8 million with lower operating expenses incurred in the quarter. The previous quarter's operating expenses also included a provision for bad debts of RM 0.3 million.

B3. Next Year Prospects

The economic outlook for office furniture remains challenging with uncertainty in demand, coupled with further impact expected from the weakening of USD as well as higher raw material costs. However, the Group will leverage on its strong track record, extensive market network and wide range of products in expanding and penetrating both existing and new markets. Also, given the Group's continual efforts to improve operational efficiency and control over its costs, the Board strives to improve its performance in the next financial year.

B4. Variance of Actual and Forecast Profit

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

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(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2010**B5. Corporate Proposal**

There were no corporate proposals announced but not completed as at 21 February 2011, being a date not earlier than 7 days from the date of this report.

B6. Taxation

	Current Year Quarter ended 31.12.10 RM'000	Preceding Year Corresponding Quarter ended 31.12.09 RM'000	Current Year ended 31.12.10 RM'000	Preceding Year Period ended 31.12.09 RM'000
Current taxation				
- current	5	70	246	844
- prior year	-	(13)	(110)	(55)
	<u>5</u>	<u>57</u>	<u>136</u>	<u>789</u>
Deferred taxation				
- current	(288)	(483)	(1,142)	(2,271)
- prior year	(301)	106	(227)	106
	<u>(589)</u>	<u>(377)</u>	<u>(1,369)</u>	<u>(2,165)</u>
Total	<u>(584)</u>	<u>(320)</u>	<u>(1,233)</u>	<u>(1,376)</u>

The effective tax rate for the current quarter and year ended 31 December 2010 were higher than the statutory income tax rate primarily due to reinvestment allowance claimed and tax written back from previous year.

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 December 2010.

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 2010.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2010 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	4,644	-	4,644
Bills payables	5,802	-	5,802
Term loans	638	17,594	18,232
Hire purchase payables	1,501	3,132	4,633
	<u>12,585</u>	<u>20,726</u>	<u>33,311</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B10. Realised / unrealised profits

	Current Quarter ended 31.12.10 RM'000	Previous Quarter ended 30.09.10 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- realised	19,126	18,452
- unrealised	2,807	2,101
Total Group retained profits as per consolidated accounts	<u>21,933</u>	<u>20,553</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2010

B11. Derivative Financial Instruments

With the adoption of FRS 139, financial derivatives are recognised on their respective contract dates. The related accounting policies are disclosed in note A2(c) in the section on Notes to the Interim Financial Statements.

Details of the outstanding derivative financial instruments of the Group as at 31 December 2010 are as follows:

<u>Type of instruments</u>	<u>Contract/Notional Amount</u>	<u>Value as at 31 December 2010</u>	<u>Fair Value Gain</u>
Foreign currency forward contracts - Less than 1 year	2,777	2,728	49

The currency forward contracts are transacted with the Group's bankers. Credit risk for non-performance by the counterparties in these instruments is low.

B12. Material Litigation

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

B13. Dividend

No dividend has been proposed or declared for the financial period ended 31 December 2010 (31 December 2009: Nil).

B14. Earnings Per Share

The basic earnings per share for the quarter ended 31 December 2010 is computed as follows:-

	Current Year Quarter ended 31.12.10	Preceding Year Corresponding Quarter ended 31.12.09	Current Year Period ended 31.12.10	Preceding Year Period ended 31.12.09
Profit/(Loss) for the period, attributable to ordinary shareholders of the Company (RM'000)	1,381	(343)	(1,542)	(3,512)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Earnings/(Loss) Per Share (sen)	1.70	(0.42)	(1.90)	(4.34)

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 2010.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 25 February 2011

EURO HOLDINGS BERHAD
(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2010