

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.11 RM'000	Preceding Year Corresponding Quarter 30.09.10 RM'000	Current Year To Date 30.09.11 RM'000	Preceding Year Corresponding Period 30.09.10 RM'000
Continuing Operations:				
Revenue	29,284	22,246	77,016	65,926
Cost of sales	(21,840)	(16,405)	(60,961)	(53,654)
Gross Profit	<u>7,444</u>	<u>5,841</u>	<u>16,055</u>	<u>12,272</u>
Other Income	232	(84)	415	360
Operating expenses	(5,419)	(5,244)	(16,385)	(15,406)
Finance costs	(477)	(295)	(1,376)	(798)
Profit/(Loss) before taxation	<u>1,780</u>	<u>218</u>	<u>(1,291)</u>	<u>(3,572)</u>
Taxation	(743)	(77)	(245)	650
Profit/(Loss) for the period	<u>1,037</u>	<u>141</u>	<u>(1,536)</u>	<u>(2,922)</u>
Other Comprehensive Income ("OCI")	-	-	-	-
Total Comprehensive Profit/(Loss) for the period, attributable to Equity holders of the Company	<u>1,037</u>	<u>141</u>	<u>(1,536)</u>	<u>(2,922)</u>
Earnings/(Loss) per share				
- Earnings/(Loss) per share (sen)	<u>1.28</u>	<u>0.17</u>	<u>(1.90)</u>	<u>(3.61)</u>

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 2010 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 30 SEPTEMBER 2011

(The figures have not been audited)

	(Unaudited) As At End of Current Quarter 30.09.11 RM'000	(Audited) As At End of Preceding Financial Year 31.12.10 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	65,829	66,941
Deferred tax assets	3,402	2,684
	<u>69,231</u>	<u>69,625</u>
Current assets		
Inventories	16,250	15,254
Property development costs	7,418	-
Trade receivables	29,653	28,930
Other receivables	1,290	1,270
Tax recoverable	1,138	1,172
Foreign currency forward contracts	-	50
Fixed deposit	241	236
Short term funds	115	113
Cash and cash at bank	6,197	2,519
	<u>62,302</u>	<u>49,544</u>
TOTAL ASSETS	<u><u>131,533</u></u>	<u><u>119,169</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	20,413	21,949
Shareholders' equity	<u>64,757</u>	<u>66,293</u>
Non-current liabilities		
Term loans	14,716	16,309
Hire purchase payables	2,712	3,132
	<u>17,428</u>	<u>19,441</u>
Current liabilities		
Trade payables	16,006	11,656
Other payables	10,082	7,737
Dividend payable	-	5
Amount due to directors	34	33
Provision for taxation	522	105
Forward Currency Forward Contracts	99	-
Hire purchase payables	1,813	1,501
Short term borrowings	20,792	12,398
	<u>49,348</u>	<u>33,435</u>
Total liabilities	<u>66,776</u>	<u>52,876</u>
TOTAL EQUITY AND LIABILITIES	<u><u>131,533</u></u>	<u><u>119,169</u></u>
Net Assets Per Share (RM)	0.80	0.82

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

(The figures have not been audited)

	Current Year Period ended 30.09.11 RM'000	Preceding Year Period ended 30.09.10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,290)	(3,572)
Adjustments for :		
Non-cash items	3,806	3,744
Non-operating items	1,152	374
Operating profit before working capital changes	<u>3,668</u>	<u>546</u>
Inventories	(996)	(2,059)
Property development costs	(7,418)	-
Trade and other receivables	(504)	(3,599)
Trade and other payables	8,532	4,288
Cash generated from/(used in) operations	<u>3,282</u>	<u>(824)</u>
Interest paid	(1,163)	(571)
Interest received	11	17
Tax paid	(605)	(718)
Tax refund	94	211
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<u>1,619</u>	<u>(1,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,554)	(1,549)
Proceeds from disposal of property, plant and equipment	258	537
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,296)</u>	<u>(1,012)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(5)##	(3)
Fixed deposit pledged	(5)	(4)
Repayment of hire purchase payables	(1,420)	(1,556)
Repayment of term loans	(1,407)	(451)
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,837)</u>	<u>(2,014)</u>
Net decrease in cash and cash equivalents	(2,514)	(4,911)
Cash and cash equivalents at beginning of the year	(2,041)	5,060
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>(4,555)</u>	<u>149</u>

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

Bank overdrafts	(10,867)	(2,984)
Cash and bank balances	6,197	2,980
Fixed deposit	241	236
Short term funds	115	153
	<u>(4,314)</u>	<u>385</u>
Less: Fixed deposit pledged to a bank for credit facilities	(241)	(236)
	<u>(4,555)</u>	<u>149</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 2010 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 THIRD QUARTER ENDED 30 SEPTEMBER 2011
(The figures have not been audited)

	<---Attributable to Equity Holders of the Company--->			Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	
	<u>Non-distributable</u>	<u>Distributable</u>		
At 1 January 2011	40,500	3,844	21,949	66,293
Total comprehensive loss for the period	-	-	(1,536)	(1,536)
At 30 September 2011	<u>40,500</u>	<u>3,844</u>	<u>20,413</u>	<u>64,757</u>
At 1 January 2010	40,500	3,844	23,468	67,812
Effects of applying FRS 139	-	-	7	7
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 period	-	-	(2,922)	(2,922)
At 30 September 2010	<u>40,500</u>	<u>3,844</u>	<u>20,553</u>	<u>64,897</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 2010 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2011

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 2010. 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 2010.

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 2010, except for the following:

Adoption of New and Revised FRSs, IC Interpretations and Amendments

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 with effect from 1 January 2011:

FRSs, IC interpretations and Amendments to FRSs and IC Interpretations

FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	Business Combination
FRS 127 (Revised)	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First Time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-base Payment - Group Cash-Settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 138	Intangible Assets
Amendments to FRSs	Improvements to FRSs (2010)
IC Interpretation 4	Determining whether an Arrangement contain a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

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 except for the changes in accounting policy on adoption of the revised FRS 3 and revised FRS 127, which are described below:

FRS 3 (revised) Business Combinations and FRS 127 (revised) Consolidated and Separate Financial Statements

FRS 3 (revised) introduces significant changes in the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred.

The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires total comprehensive income to be attributed to the owners of the parent and to the non-controlling interests, even if the results in the non-controlling interests having a deficit balance.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2011

The changes in FRS 3 and FRS 127 did not have any financial impact on the financial statements of the Group at initial application but may impact the accounting for future acquisitions, transactions or arrangements of the Group.

A3. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2010 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 2011.

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 period ended 30 September 2011.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 30 September 2011.

A9. Segmental Reporting

The Group is involved in a single industry of manufacturing and trading of office furniture, with its operations conducted predominantly in Malaysia.

The Group presents its segment information based on local and exports market segment, which is the basis of presenting its monthly management reports. For each market segment, the Group's managing Director reviews internal management reports on a regular basis for performance and resource allocation decisions.

Segment analysis for the current financial period ended 30 September 2011 is as follows:-

By Market Segments:

	Local	Exports	Total
	RM'000	RM'000	RM'000
Revenue	<u>35,633</u>	<u>41,383</u>	<u>77,016</u>
Results			RM'000
Segment Results			734
Unallocated expenses			(649)
Operating loss			<u>85</u>
Finance costs			(1,376)
Loss before taxation			<u>(1,291)</u>
Taxation			(245)
Loss after taxation			<u><u>(1,536)</u></u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2011

Segment analysis for the corresponding financial period ended 30 September 2010 was as follows:-

	Local RM'000	Exports RM'000	Total RM'000
Revenue	24,336	41,590	65,926
Results			RM'000
Segment Results			(2,411)
Unallocated expenses			(363)
Operating loss			(2,774)
Finance costs			(798)
Loss before taxation			(3,572)
Taxation			650
Loss after taxation			(2,922)

A10. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment in the quarter and period ended 30 September 2011. The valuation of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2010.

A11. Material Events Subsequent to the End of the Quarter

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 except for the following:

A subsidiary of the Company, Euroland & Development had on 18 May 2011, entered into a conditional sale and purchase agreement with Yap Tong Feng to acquire a piece of freehold land held under title G.M 974, Lot 2223, Mukim of Cheras, District of Hulu Langat, State of Selangor, measuring approximately 4.031 acres for a cash consideration of RM 7 million.

The acquisition of the land was completed in September 2011.

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 7 April 2011, the Company acquired the entire issued and paid-up share capital of Euroland & Development Sdn Bhd ("Euroland") for a cash consideration of RM 2. Euroland became a wholly owned subsidiary of the Company with effect from that date.

On 15 August 2011, Euroland increased its paid up share capital from RM 2 to RM 500,000 by way of new allotment of 499,998 new ordinary shares of RM1.00 each at par for cash consideration. There is no change to the shareholding structure subsequent to the event.

A13. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the quarter and financial year ended 30 September 2011 to 22 September 2011, being a date not earlier than 7 days from the date of this report, save for the following :

	As at 22.11.11 RM'000
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>78,043</u>

A14. Capital Commitments

	As at 30.09.11 RM'000
Property, plant and machinery	

Contracted but not provided for

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2011

PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

	Current Quarter ended 30.09.11 RM'Million	Preceding Year Corresponding Quarter ended 30.09.10 RM'Million	Current Year Quarter ended 30.09.11 RM'Million	Preceding Year Quarter ended 30.09.10 RM'Million
Revenue	29.3	22.2	77.0	65.9
Loss before taxation	1.8	0.2	(1.3)	(3.6)

The Group's revenue for the current quarter ended 30 September 2011 was RM29.3 million as compared to the preceding year's corresponding quarter of RM22.2 million. There were more projects secured and completed in the quarter, as a result of higher business activities in the markets that the Group operated in.

For the period ended 30 September 2011, the Group registered a revenue increase of 17%, from RM 65.9 million in the preceding period to RM77.0 million in the current period. The Group's loss reduced from RM3.6 million for the period ended 30 September 2010 to RM1.3 million in the current period with improved sales revenue and higher margin recorded due partly to better utilisation of operational capacity.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.09.11 RM'Million	Preceding Quarter ended 30.06.11 RM'Million
Revenue	29.3	24.6
Loss before taxation	1.8	(1.5)

The Group recorded a revenue of RM29.3 million for the current quarter, as compared to the previous quarter of RM24.6 million. The performance of the Group improved significantly with a profit before tax of RM1.8 million as compared to a loss of RM1.5 million in the previous quarter. This was mainly attributable to improved sales revenue and better margin for projects completed during the quarter.

B3. Current Year Prospects

We expect demand of the Group's products for the final quarter of 2011 to be encouraging. Barring any unforeseen circumstances, the Group is cautiously optimistic that the performance of the Group for the remaining period of the year to be satisfactory.

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 22 November 2011, being a date not earlier than 7 days from the date of this report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2011

B6. Taxation

	Current Year Quarter ended 30.09.11 RM'000	Preceding Year Corresponding Quarter ended 30.09.10 RM'000	Current Year period ended 30.09.11 RM'000	Preceding Year Period ended 30.09.10 RM'000
Current taxation				
-current year	884	163	1,069	241
-prior year	-	-	(108)	(110)
	<u>884</u>	<u>163</u>	<u>961</u>	<u>131</u>
Deferred taxation				
-current year	(141)	(86)	(921)	(855)
-prior year	-	-	205	74
	<u>(141)</u>	<u>(86)</u>	<u>(716)</u>	<u>(781)</u>
Total	<u>743</u>	<u>77</u>	<u>245</u>	<u>(650)</u>

The effective tax rate for the current quarter and period ended 30 September 2011 were higher than the statutory income tax rate primarily due to non allowable expenses and non-recognition of deferred tax assets for certain subsidiaries.

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 September 2011.

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 2011.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2011 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	10,867	-	10,867
Bills payables	7,816	-	7,816
Term loans	2,109	14,716	16,825
Hire purchase payables	1,813	2,712	4,525
	<u>22,605</u>	<u>17,428</u>	<u>40,033</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B10. Realised / unrealised profits

	Current Quarter ended 30.09.11 RM'000	Year ended 31.12.10 RM'000
Total retained profits of the Company and its subsidiaries		
- realised	17,048	19,255
- unrealised	3,365	2,694
Total Group retained profits as per consolidated accounts	<u>20,413</u>	<u>21,949</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 30 SEPTEMBER 2011

B11. Derivative Financial Instruments

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD and SGD. Financial derivatives are recognised on their respective contract dates.

Details of the outstanding derivative financial instruments of the Group as at 30 September 2011 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 30 Sept 2011 RM'000	Fair Value Loss RM'000
Foreign currency forward contracts - Less than 1 year	4,461	4,560	99

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 30 September 2011 (30 September 2010: Nil).

B14. Earnings Per Share

The basic earnings per share for the quarter ended 30 September 2011 is computed as follows:-

	Current Year Quarter ended 30.09.11	Preceding Year Corresponding Quarter ended 30.09.10	Current Year Period ended 30.09.11	Preceding Year Period ended 30.09.10
Profit/(Loss) for the period, attributable to ordinary shareholders of the Company (RM'000)	1,037	141	(1,536)	(2,922)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Profit/(Loss) Per Share (sen)	1.28	0.17	(1.90)	(3.61)

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 2011.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 29 November 2011